

U.S. Slowdown Is in the Cards

But Will Policy Makers or Markets Play Out the Hand?

By Carl Gwertz

International Herald Tribune

PARIS — There is no doubt that the U.S. economy is headed for a slowdown. How serious is still anybody's guess.

That depends on whether it is imposed by unruly market forces unleashed last week or results from coherent government policy decisions yet to be taken. The differ-

NEWS ANALYSIS

ence is crucial and probably the key to whether the siege mentality gripping world financial markets continues.

A slowdown will reduce the U.S. trade deficit, which financial markets see as the chief threat to improved economic prospects, but markets also appear to be saying that they fear engineering a correction without help from politicians.

"Markets are looking for a policy response from the United States," says Arnold Simkin, an economist with Stratecon, a private consulting firm.

"The market does not believe the Reagan administration is prepared to change its position on fiscal policy."

A helter-skelter collapse of U.S. stock prices will have dramatic — if not precisely calculable — effects, both real and psychological, on the willingness of consumers to spend and business to invest. By most estimates, more than \$1 trillion in paper wealth has been wiped out in the past two weeks on United States markets alone.

"It is a premature to quantify the effects," Salomon Brothers chief economist, Henry Kaufman, said Friday. But, he added, "the direction is clear: growth will be weaker."

History shows that once markets start to move they tend to overshoot, making for chaos rather than correction. Thus, the major worry now is whether President Ronald Reagan and Congress are capable of taking control.

It is a measure of the topsy-turvy conditions in world markets that a reduction in the U.S. budget deficit through tax increases, spending cuts or a combination of both is being sought by markets as the surest way to restore confidence. New taxes and reduced spending would bring an economic slowdown.

A political agreement to cut the U.S. interest high to attract capital

inflows to finance the deficits. Instead, the Fed would be free to drive rates down — reducing industry's costs to finance new investments and at the same time easing the debt-service burden on developing countries.

The International Monetary Fund estimates that a 1 percentage point drop in interest rates reduces the net interest payments of the developing countries by about \$3.25 billion a year. Lower interest rates should translate into higher imports.

A credibly stable dollar and a healthier environment for U.S. industry presumably would attract investments from abroad, relieving credit tensions in Japan and West Germany, where the central banks have been concerned about the consistent overshooting on money supply growth targets.

The Bank of Japan and the Bundesbank would then also be free to pursue easier credit policies aimed at stimulating new investments by industry.

The wild card in this scenario, assuming Mr. Reagan and Congress do agree to cut the budget deficit, is in measuring how much last week's events on Wall Street — whether reversed or not — will depress spending plans of consumers and industry.

"We are not fearing a recession," said Beryl Sprinkel, outgoing chairman of Mr. Reagan's Council of Economic Advisors. "But I think that we will be looking at our forecasts, as the private forecasters are, and recognize that the world is different, and markets have declined."

"And I think if given a period of quiet, they will assess what's going on," he said. "They will look for value. And I think where they see value they will be back into the market." (Ottawa)

See PHELAN, Page 5

NYSE Chairman Is Optimistic

United Press International

WASHINGTON — The chairman of the New York Stock Exchange, John J. Phelan Jr., expressed overall optimism for the market on Sunday.

"I think the individual investor as well as the institutional investor is reasonably optimistic," Mr. Phelan said in a television interview.

"And I think if given a period of quiet, they will assess what's going on," he said. "They will look for value. And I think where they see value they will be back into the market." (Ottawa)

See PHELAN, Page 5

would open the way for other policy changes, inside and outside the United States, that could set the stage for an economic revival.

The most important effect would be on monetary policy. A reduction in the deficits, and presumably in the way to restore confidence. New taxes and reduced spending would bring an economic slowdown.

A political agreement to cut the U.S. interest high to attract capital

through almost all of last week's crisis atmosphere, the foreign exchange market was an isolated area of calm. But on Friday the dollar fell sharply. Rumors circulated that finance ministers of the major industrialized nations were about to meet to lower the target value for the dollar by 5 to 10 percent.

American and British officials denied that such a meeting was planned.

But the majority of private economists and currency dealers in all the major markets believe that a easy credit policy.

It would no longer need to keep U.S. interest high to attract capital

to the world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, he and his reformist allies appear to be closed because of his weakened physical condition.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reformists.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

A Gorbachev Miscalculation?

Diplomats Call Shift on Summit a Risk to His Prestige

By Gary Lee
Washington Post Service

MOSCOW — Mikhail S. Gorbachev's last-minute refusal to set a date for a summit meeting with President Ronald Reagan in Washington could diminish the Soviet leader's prestige and overall influence on the U.S.-Soviet arms control process, according to Western diplomats here.

The diplomats regard Mr. Gorbachev's move, made at the end of two days of U.S.-Soviet talks here, as his first serious foreign policy miscalculation during two years in power.

The agreement to set a date for a summit meeting this year had been reached in September when the Soviet foreign minister, Eduard A. Shevardnadze, visited here.

Although Mr. Gorbachev told Secretary of State George P. Shultz on Friday that he still would be prepared to participate in a summit meeting this year, he apparently miscalculated the disappointment and criticism that his sudden change of the terms of the summit would arouse in the West, some analysts here said.

At a time when Americans and West Europeans are re-examining the extent to which they can trust the Soviet bloc, Mr. Gorbachev's unexpected reversal on major U.S.-Soviet agreement underlies his long-term goals of buttressing the Soviet Union's reputation as a reliable negotiating partner, some Western diplomats said.

"What will U.S. senators think when time comes to ratify any arms

control treaty?" a diplomat asked.

Most important, Moscow apparently miscalculated the possibility that Mr. Reagan would agree under pressure to compromises on his program for a space-based missile defense system. U.S. officials already have ruled out the possibility.

"If Gorbachev thinks that Rea-

gan will change his position for the

NEWS ANALYSIS

chance of having a summit, he's wrong," a U.S. official in Moscow said.

A month after the Soviet leadership signed an agreement to set the dates for a summit meeting during Mr. Shultz's visit to Moscow, Mr. Gorbachev reengaged on SDI, without warning, adding progress on talks to limit Mr. Reagan's Strategic Defense Initiative as a condition for the summit meeting.

According to Western and Soviet officials in Moscow, the sudden hardening was based on an assessment in the Kremlin that a summit meeting is the only bargaining chip left in Moscow's bid to prevent the United States from developing space-based weapons to the stage where they could be deployed.

Mr. Gorbachev's last-minute reluctance to come to Washington also represents bitterness at the critical reception that the Reagan administration has given his reform policies, including an attempt at forging a new detente.

Nonetheless, Western diplomats consider the move to be atypical

of the Soviet leader, who has favored a high-profile policy of public diplomacy and holding to agreements, that he speculate he may have been forced in the last few weeks to harden his stance by military leaders or more conservative Kremlin officials.

Although Mr. Gorbachev made last-minute demands at the 1986 summit meeting in Reykjavik, Iceland, he highlighted new Soviet arms control proposals made there and thus avoided major criticism for preventing an arms accord.

Despite the view that Mr. Gorbachev may have buckled under to domestic pressures, the new Soviet stance seems to be the climax of a carefully orchestrated campaign to force the Reagan administration into concessions on SDI.

Ever since Mr. Shultz's visit to Moscow in April, Moscow has broached the possibility of discussing general principles on SDI, cuts in strategic nuclear missiles and other disarmament topics at a summit meeting — in addition to signing an intermediate-range nuclear forces treaty to ban medium- and shorter-range missiles.

In May, Soviet officials gave the Reagan administration a draft document on general principles on SDI and other issues that they proposed would be signed at a summit meeting, according to Soviet officials.

The United States apparently declined the proposal, however, and Moscow temporarily abandoned the idea. Instead, Soviet officials held out the promise of a summit meeting that would be used largely to sign an agreement on intermediate-range nuclear forces, followed by a later summit meeting to address other issues.

Meanwhile, the Kremlin drafted several proposals that appeared to bring the two sides closer to agreement on which missile systems could be tested under the 1972 Anti-Ballistic Missile Treaty.

Until the end of a four-hour meeting between Mr. Shultz and Mr. Gorbachev on Friday, U.S. officials say, the Americans were still under the impression that reaching agreement on the treaty would be enough for a summit meeting.

According to Western diplomats and some Soviet officials, the Kremlin viewed the U.S. reluctance to agree to a document on general principles on SDI and other issues as a sign that Moscow might never obtain an accord on SDI and strategic cuts from the Reagan administration.

With Mr. Reagan facing problems of domestic and foreign policy and anxious to become the first U.S. president in nearly a decade to have a major arms control treaty signed and ratified, the bid seemed worth an effort, according to one Soviet view.

"If it failed," a senior Western diplomat said, "Moscow could still sign an INF accord. If it worked, Moscow would succeed in its overall plan of avoiding the investments needed to match the Reagan administration's star wars research."

CHINA: Congress Opens

(Continued from Page 1)
hammer and sickle, Mr. Zhao spoke for more than two hours and 20 minutes from a 72-page text.

The congress was the first to be opened to the foreign press since the party took power in 1949 and was broadcast live throughout China. But many Chinese said they did not watch the telecast because they felt the congress would have little impact on their lives.

Mr. Zhao attempted to placate critics who worry that his reforms depart too much from Marxism when he spoke of a need to combat excessive consumption and to pursue "plain living and hard struggle."

The prime minister stressed a need to maintain the party's leadership over the country, to increase grain production and to counter corruption on the part of officials who use their positions to make personal profits — all themes dear to the hearts of party traditionalists such as Chen.

But Mr. Zhao stressed repeatedly that economic production is the main test of the country's policies.

"Judging life by abstract principles or utopian models instead of by the growth of the productive forces will only discredit Marxism," Mr. Zhao said.

He advocated further departures from a Soviet-style centralized economy when he defended China's relatively small but growing private enterprises. Mr. Zhao advocated a competitive contracting system for industrial projects and renewed a call for the reform of China's irrational pricing system.

He also said that China should "improve the investment environment for foreign businessmen." Mr. Zhao urged his fellow Marxists "to widen their vision, develop new concepts, and enter a new realm."

Belgian Leader Expects

Election to Be Dec. 13

Reuters

BRUSSELS — Prime Minister Wilfried Martens of Belgium said Sunday he expected a general election to be held Dec. 13.

Mr. Martens, a Christian Democrat, was speaking just four days after forming his seventh administration in less than eight years, a caretaker coalition set up to enact essential legislation ahead of the early elections. The previous coalition governing the bilingual nation collapsed because of a francophone official's refusal to take a test in Dutch.



PROTESTS IN SPAIN — Some 20,000 demonstrators marched Sunday in Madrid to support the removal of U.S. military bases, the country's withdrawal from the North Atlantic Treaty Organization and a nuclear-free Europe. No incidents were reported as similar rallies were held in other cities, including Barcelona and Valencia. The United States and Spain are due to hold talks next month on reducing the U.S. presence.

Budget Cuts Mean Layoffs At Pentagon

By Richard Halloran
New York Times Service

WASHINGTON — The Defense Department is planning extensive layoffs of civilian employees and deep cuts in the work of small contractors in an effort to generate a political backlash against Congress for budget cuts according to Pentagon officials.

The officials said that 100,000 to 150,000 people, or more than 10 percent of the department's civilian work force, would be laid off if provisions of the recently adopted budget-balancing law are put into effect on Nov. 20.

In addition, according to officials knowledgeable about budget plans, the military services will slice more than \$2 billion from contracts with local companies that paint barracks, maintain and clean buildings and operate support services on bases around the country.

Further, the officials said, the services will delay maintenance on ships, tanks, aircraft and equipment that is done by contractors, causing more layoffs.

Purchasing of spare parts, a key to the readiness of the forces, will also be cut between 25 and 50 percent, the officials said. Consequently, they said, employment in industries making the parts will be affected.

Once the extent of the cuts becomes known, however, the officials expect labor leaders and laid-off workers to register strong protests to their representatives in Congress and to exert considerable pressure in an election year to have the cuts reversed.

Beyond an attempt to put indirect pressure on Congress, officials said, the military services are seeking to protect training programs and the deploying of forces around the world as much as possible from budget cuts. But some such operations will be reduced, they said.

Official spokesmen for the Defense Department declined to comment on the prospective cuts, saying that no final decisions had been made.

They noted that President Ronald Reagan was scheduled to meet with congressional leaders in an effort to reduce the deficit without they said, cutting military spending.

In the reorganization, those promoted included several leading managers and economists, reflecting both the need to revive the economy and the preference of General Wojciech Jaruzelski, the Polish leader, for professional managers rather than politicians.

Jerry Blij, an industrial manager with considerable experience as head of the Polkolor Television Factory near Warsaw, was appointed to the newly created post of industry minister.

Among those newly appointed or gaining broadened power was Zdzislaw Sadowski, the architect of the new economic program, who was named chief of the Government Central Planning Commission while remaining deputy prime minister in the government of Prime Minister Zbigniew Messner, who remains head of government.

Mr. Sadowski, 62-year-old economist who has taught at the University of Ghana and has headed the United Nations Center for Planning and Economic Policy, is a Communist Party member.

Bogumil Ferenszajn, a mining engineer and the top Communist Party official in the coal and steel region around Katowice in Silesia, was named to head the newly created Ministry of Housing and Urban Development.

Eritrean Rebels Destroy Large Food Aid Convoy

By Blaine Harden
Washington Post Service

NAIROBI — In an Ethiopian rebel attack that a senior UN official said has "horrible implications" for famine relief in Ethiopia, a large convoy of donated trucks carrying Western food aid had been ambushed and burned.

Relief officials in Ethiopia said that the convoy, traveling in the north of the country without a military escort, was stopped Friday by rebel soldiers who doused 23 trucks with gasoline and set them afire. They said one driver was shot and killed by the rebels.

Nearly 450 tons of wheat, enough to feed 45,000 people for a month, were destroyed, officials said. In addition, they said, all 23 trucks were destroyed. Most of them were late-model, long-haul vehicles with a combined replacement value of more than \$2 million.

The wheat was a gift from the UN World Food Program and the U.S. government. The trucks were

gifts from Band Aid, a British relief agency, and Catholic Relief Services, an agency based in the United States.

The attack came at a time when the United Nations and Western donors are attempting to rush emergency food aid into northern Ethiopia, where drought threatens nearly a million people with starvation.

Relief agencies have warned that if large amounts of food aid do not reach distribution centers in Eritrea and Tigre by December, there will be a mass migration of destitute people into makeshift camps.

It was in similar camps in 1984-85 that hundreds of thousands of Ethiopians died, primarily from infections diseases.

"This raid has consequences far beyond the immediate loss of food and trucks," said David Morton, director of operations for the World Food Program in Ethiopia.

"It raises questions about the future movement of any relief food in the north. For Eritrea and Tigre, the attack has horrific implications."

The attack, Mr. Morton said, comes just as the United Nations is "appealing to the donor community for logistical support in transporting food."

A report early this month by a multidonor committee on relief transport said that 300 additional long-haul trucks were needed to deliver the 400,000 tons of relief food needed in Eritrea and Tigre next year. The food program had only 40 trucks in the north — before the raid.

The convoy was attacked while traveling south from Asmara, the capital of Eritrea, towards the Tigray city of Adigrat. Officials said the attack occurred about 30 miles (48 kilometers) from Asmara, on a road where rebels in recent years have allowed free passage of relief convoys.

The British Broadcasting Corp. reported Sunday that an Eritrean rebel group called the Popular Liberation Front claimed responsibility for the raid. The BBC quoted the rebel group as saying that the attack was done in order to disperse enemy forces escorting the convoy.

Mr. Morton and other relief officials contacted in Addis Ababa, the Ethiopian capital, insisted that the convoy was not escorted by the Ethiopian military.

"If the rebels were going for a military target, why did they burn the trucks and the food?" Mr. Morton said.

Rebels in Eritrea, including the Popular Liberation Front, have been fighting for autonomy from the government in Addis Ababa for 27 years. The conflict is the longest continuing civil war in the world. October is the traditional month for a government offensive against the rebels, and fighting in the region has been intense in recent weeks.

Relief officials said that they were relying on trucks to deliver most of the relief food needed in Tigre and Eritrea. But Mr. Morton said that the rebel raid increases the likelihood that much of the food may have to be transported by air — at more than double the \$140-a-ton cost of delivery by truck.

■ French Nurse Freed

Sophie Bedon, a French nurse held by the Tigre People's Liberation Front for more than three weeks, was released on Saturday and handed over to the French Embassy in Khartoum, Reuters reported from Khartoum.

WORLD BRIEFS

Belgrade Sends Police to Halt Unrest

BELGRADE (AP) — Yugoslavia's state presidency, warning of potential danger to national security, has sent a special police unit to Kosovo to control ethnic tensions in the southern province, the official news agency Tanjug said Sunday.

The move, which follows demonstrations by thousands of people in Kosovo, means that federal authorities have taken over local police and judicial organs there.

Kosovo has been plagued by tension between its ethnic Albanian majority and the Serb and Montenegrin minorities who make up 15 percent of the population of the economically distressed region.

■ Slepaks Fly From Moscow to Vienna

VIENNA (AP) — Vladimir Slepak, a leader in the fight for increased Jewish emigration, arrived here from Moscow on Sunday on his way to Israel, ending a 17-year struggle to leave the Soviet Union. "It's like Israel," he said.

Mr. Slepak, 59, who first applied to emigrate in 1970, said he did not seek his release as a change of Soviet policy toward Jewish emigration but rather as a result of Western pressure. He said his release, along with his wife, Maria, was a gesture to the West because the Soviets "need new help, credit and support from the West."

The Slepaks displayed a banner from their balcony in 1978 demanding permission to emigrate to Israel. That led to charges of malicious hooliganism and a five-year term in internal exile in a village near the Siberian border.

Colonel Assumes New Powers in Fiji

SUVA, Fiji (Reuters) — Lieutenant Colonel Sitiveni Rabuka has tightened his grip on the nation, assuming powers of detention without trial. He has also suspended all political and trade union activity and given the military extraordinary powers.

Colonel Rabuka, in his 12th decree since he staged a coup Sept. 22, gave the army-backed government the right to restrict the movement of people, including deportations from the country. Under the decree, security forces would be exempt from murder charges if they killed someone "in making a lawful arrest or preventing escape, to suppress a riot or to prevent a criminal offense."

The decree was released Saturday, but with the absence of newspapers, most Fijians remained unaware of it. Colonel Rabuka proclaimed Fiji a republic earlier this month, saying he wanted to give ethnic Fijians political supremacy over Fijians of Indian descent, who slightly outnumbered him.

Louisiana Governor Concedes Defeat

NEW ORLEANS (AP) — Governor Edwin Edwards of Louisiana conceded to U.S. Representative Charles E. (Buddy) Roemer III early Sunday, saying he would not pursue a runoff election for a fourth term.

Governor Edwards, 60, told backers that he had determined "that it would be inappropriate for me to continue this election." He finished second to Mr. Roemer, 44, in Saturday's primary, but conceded victory after two other major challengers indicated that they would back Mr. Roemer in a runoff.

With 3,197 of 3,262 precincts reporting, about 98 percent, Mr. Roemer had 515,062 votes or 33 percent. Governor Edwards had 44,672 votes or 28 percent. Both are Democrats.

Tahiti Clashes Bring On Emergency

PAPEETE, Tahiti (AFP) — French authorities have declared a state of emergency in this Pacific territory and have imposed a dusk-to-dawn curfew in Papeete and four neighboring towns after clashes between the police and striking dockers.

Fifteen persons were injured, two of them seriously, in the clashes, which took place Friday night. Scores of shops and houses were wrecked and burned, and bumerangs were gutted when the police moved to end the occupation of the port by dockers. About 100 people were arrested and accused of looting.

The dockers, who started their occupation Thursday, are demanding that extra workers be hired. Three mobile police squads of 100 men were being sent to Papeete on Sunday, two from Paita and one from the French South Pacific territory of New Caledonia.

Mubarak and Gemayel Meet in Cairo

CAIRO (Reuters) — In a meeting reflecting Egypt's renewed responsibility among Arab leaders, President Amin Gemayel of Lebanon and President Hosni Mubarak of Egypt held talks Sunday to discuss Arab politics and relations between their countries.

Their two-hour meeting underscored "Egypt's keenness to preserve Lebanon's legitimate sovereignty and the return of stability to the country," said Esam Abd El Meguid, the Egyptian foreign minister.

AMERICAN TOPICS



BACK TO LITTLE ROCK — Carlotta Walls Lanier and Terrence Roberts, two of the Little Rock Nine, who desegregated Central High School in the Arkansas capital in 1957, lead the seven other former students through the schoolhouse door 30 years later.

Taping Family Lore And How to Do It

The older generation embodies "a tremendous cultural resource" that is all but ignored in modern America, says William Fletcher, a Washington anthropologist, "and we can tap into it."

For Mr. Fletcher, 43, that means taping oral family history with a tape recorder or videotape camera. Sitting down with an aging parent or relative and recording a sentimental journey into the past, he says, is a powerful and priceless undertaking.

Mr. Fletcher, the author of "Recording Your Family History" (Dodd, Mead & Co., \$18.95), laments the loss of the cross-generational interaction that happened almost daily 75 years ago. Contact with grandparents today may occur only during hectic holiday visits.

Vivica Stackig, 31, a Silver Spring, Maryland, advertising executive, says: "The stories that they have to tell if you ask them good questions are just amazing." She says the hours taping her grandmother's recollections were "the most meaningful, interesting, fun, fascinating and entertaining" time they had spent together.

Miss Stackig has put together an oral family history kit, "Grandmother's Memories" (Random House, \$24.95), which includes a guidebook with "sentence starters" and "memory joggers" on 14 subject categories.

Short Takes

A plan to reopen five darkened playgrounds has been offered by New York's Mayor Edward I. Koch and his Office of Film, Theater and Broadcasting, in the

latest effort to revive the depressed Broadway theatrical scene. A trust of theatrical professionals would produce promising plays and musicals. Theater owners would get free maintenance, and could share in profits. Ticket prices would be \$10 to \$20, less than half the current range. Casts and crews would work for less than scale. The city would make an initial \$5 million grant, and \$7 million annually would come from a \$1 surcharge on theater tickets.

Stanford is the best university in the United States and Williams is the best liberal arts college, according to U.S. News & World Report's third survey of 764 college presidents, which is conducted every two years. The remaining nine of the first 10 among universities were Harvard, Yale, Princeton, California at Berkeley, Dartmouth, Duke, Chicago, Michigan and Brown; among colleges: Swarthmore, Carleton, Amherst, Oberlin, Pomona, Wesleyan of Connecticut, Wellesley, Haverford and Grinnell.

The Commission of Fine Arts in Washington has voted 4-1 to reject the proposed Vietnam Women's Memorial, centering on a bronze statue of a nurse at the Vietnam Veterans Memorial. Commissioners who opposed it said approval would have established a precedent for placing other figurative statues there. "It will never end," said Chairman J. Carter Brown. Stephen Young of the Vietnam Women's Memorial Project said the commission had "insulted the women of America." Donna-Marie Boulay, a Vietnam veteran, said: "This matter is far from over."

The United Way, an annual effort in which various charities

— ARTHUR HIGBEE

AFL-CIO Votes to Readmit Teamsters Union

By Frank Swoboda

Washington Post Service

MIAMI BEACH — The AFL-CIO has voted to allow the Teamsters union back into the federation three decades after it was kicked out as corrupt.

Moreover, the federation took steps to give Jackie Presser, the indicted president of the Teamsters union, a seat on the ruling policy council.

The 35-member executive council of the AFL-CIO, the largest U.S. labor organization, debated

the Teamsters issue for less than an hour before voting unanimously on Saturday to readmit the 1.8 million-member union, which represents truck drivers and related service workers. The reaffiliation will take effect Nov. 1.

The addition of the Teamsters gives the AFL-CIO new clout both politically in Congress and in their efforts to organize and to strike. In many areas, particularly construction and service industries, the Teamsters control the flow of goods.

The AFL-CIO president, Lane

Kirkland, defended the reaffiliation vote, despite Mr. Presser's federal indictment on fraud and racketeering charges and the U.S. Justice Department's threat to take over the Teamsters union on the ground that it is controlled by organized crime.

The executive council voted to expand its ranks to make room for Mr. Presser. The ruling body approved an amendment to the AFL-CIO constitution that would allow the council to create additional seats before the next convention in 1989.

QUALITY.
CRAFTSMANSHIP.
AND STYLE.
THE DUNHILL
MILLENNIUM.

ALFRED DUNHILL LIMITED

30 DUNHILL STREET, ST. JAMES'S, LONDON SW1Y 4DL
TELEPHONE: 01-499 9566, TELEX: 266914
TELEFAX: 01-499 6471



U.S. Panel Cites 'Severe Lack' Of Facilities for AIDS Victims

By Robert Pear

New York Times Service

WASHINGTON — A panel of federal health experts is recommending a wide range of measures to combat the AIDS epidemic and to provide health care for its victims.

In a confidential report, the panel says there is a "severe lack" of facilities to care for people with the acquired immune deficiency syndrome. It says federal and state

officials should provide financial incentives to encourage nursing homes, hospices and home care as alternatives to hospitalization of AIDS patients.

"The cost of care for these patients will become prohibitive" unless such alternatives are found, according to the panel, led by Dr. David N. Sundwall, an assistant surgeon general in the Public Health Service.

A copy of the study was obtained from a federal official who said he hoped its disclosure would goad people into acting on its recommendations, which represent the government's most comprehensive effort so far to assess the effect of the AIDS epidemic on the nation's health care system.

The study was conducted at the request of Dr. Robert E. Windom, an assistant secretary of health and human services.

The report says states must dramatically expand drug treatment programs to prevent the spread of AIDS through intravenous drug abuse. The panel expresses cautious interest in the idea of dispensing sterile needles and syringes to drug addicts.

Dr. Roy W. Pickens, director of clinical research at the National Institute on Drug Abuse, a member of the panel, said his agency wanted to finance research to determine whether such a program would reduce the spread of AIDS without increasing drug abuse.

The report also makes these points:

• Private insurers and Medicaid, the federal-state program for the poor, should pay for experimental new drugs that show promise in the treatment of AIDS but have not been approved for marketing.

• Professional schools should provide more training to doctors, nurses, dentists, social workers and other health-care personnel on dealing with AIDS patients and their families. The federal government should help pay for such training because there is a severe shortage of people to diagnose, treat and counsel people with AIDS.

• Many religious and charitable groups are providing valuable services to AIDS patients. But "there is a lack of collaboration among private-sector organizations," and

"there is a clear need for federal leadership" to link them together.

• Infection with the AIDS virus is being detected in many small towns and rural areas that lack the resources to care for AIDS patients. The government should disseminate the latest scientific information to doctors in such areas.

• The federal government should provide mortgage insurance to encourage construction and expansion of nursing homes that agree to care for AIDS patients.

• The progression of symptoms in AIDS patients, especially those who become demented or emaciated, often resembles that seen in elderly people with chronic illnesses. "People with AIDS often find themselves competing for health and medical services and facilities required by the elderly."

"There will be a steady increase" in the number of children with AIDS as long as the virus continues to spread among intravenous drug users. States should help arrange foster care and day care for such children as an alternative to hospitalization when possible.



FINLANDIA VODKA

TRADITIONAL SCANDINAVIAN VODKA DISTILLED SINCE 1888

YOUR ELECTRONIC NOTEBOOK

Organise your day better by using a Philips Pocket Memo. It's the easiest way to make notes, record ideas and complete letters without writing anything in longhand. And it makes you independent of your secretary.

To find out more about Philips Pocket Memo, contact your office equipment dealers or clip the coupon.

THE WORLD'S NO. 1 IN DICTATION

Please send me information about Philips Pocket Memo and Dictation Systems.

Name _____

Company _____

Address _____

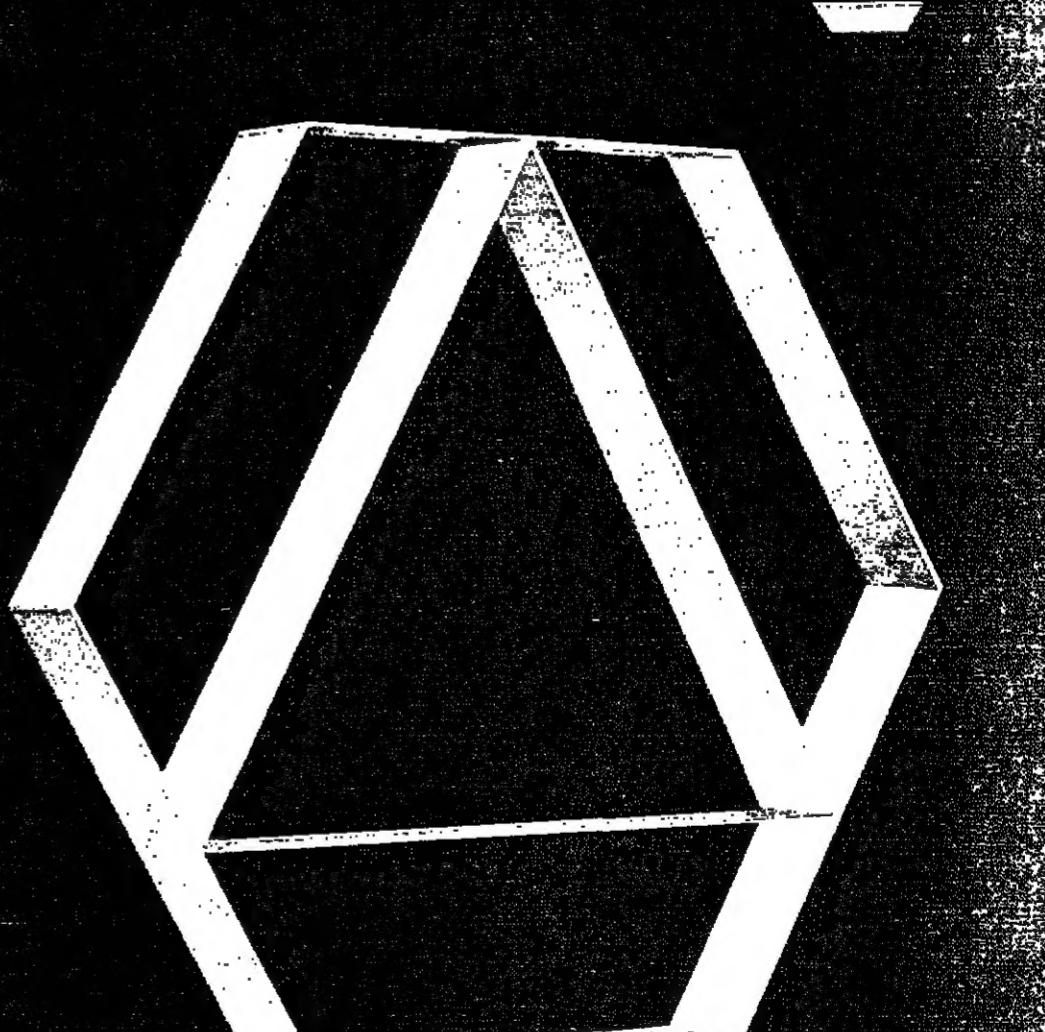
Position _____

Tel No. _____

Philips Dictation Systems, Trumeter Street 64, A-1101 Vienna, Austria

RTT PFO

PHILIPS



If you've set your sights on Europe's biggest market, come to Germany's second largest bank for first-class expertise.

One of the leading banks in the world,
Dresdner Bank AG
Head Office, Jungen-Ponto-Platz 1, 6000 Frankfurt/Main
Fach Rep. of Germany

Bank with imagination

Are you entitled to a tax-free Volvo? Many people working or living abroad find the purchase of a tax-free Volvo a fast and trouble-free process. You will find all you need to know, including a brief on the extensive Volvo range, in the Volvo Tax-free Handbook. Just fill in the coupon.



Volvo 780
Grand Touring revised



Volvo 760
First class travel



Volvo 740 Estate
The five-door luxury sedan



Volvo 480
The future is now

Volvo Tourist & Diplomatic Sales, S-405 08 Göteborg, Sweden. Please send me information and Free Handbook and more information about: □ The Volvo 240 series □ The Volvo 340/360 series □ The Volvo 740 series □ The Volvo 760 series □ The Volvo 480 ES □ The Volvo 780.	THE VOLVO THE FREE HANDBOOK
Name _____	Address _____
Zip Code _____	City _____
Country _____	Phone _____
Phone _____	Nationality _____
VOLVO IHT 26-10 Tourist & Diplomatic Sales	

Guerrillas Who 'Fire and Run' Block Indian Control of Jaffna

By Loren Jenkins
Washington Post Service

JAFFNA, Sri Lanka — Standing on the stone parapet of a 300-year-old Dutch fort, Major General Amrit Singh Kalkat, chief of operations of the Indian Army, confidently proclaimed victory in the battle against Tamil rebels for the city of Jaffna.

"I think the final battle is over," the general said Saturday. "We have the guerrillas hemmed in, and now we will deal with them."

But as he spoke, there was a sharp crack of rifle fire, followed by a series of muffled machine-gun bursts.

Suddenly the air was alive with the cacophony of war: the din of automatic rifles, more machine guns, the loud boom of an outgoing mortar and, in the distance to the north, the thud of an incoming artilley shell.

While the Indian general insisted that the battle against the Liberation Tigers of Tamil Eelam was over, foreign correspondents who were among the first visit to Jaffna since the Indian offensive began Oct. 10 found evidence to the contrary.

"They fire and run, fire and run," said Colonel Tei Pratal Brar. "When we try to follow them, that third chap is waiting in a building with wires to a hidden bomb to try

nation have penetrated Jaffna, a city of 150,000 people, they clearly do not "control" it, as they have maintained.

General Kalkat said that many Tamil guerrillas had fired on his troops, put away their weapons and changed into civilian clothes, and then mingled with refugees to sneak through the Indian lines. Once past, the guerrillas went to new positions, where other arms were waiting for them, to attack the Indian forces from the rear.

The Indian forces were to supervise the disarmament of several Tamil separatist groups that had previously supported and to protect the majority Tamils, who are mostly Hindu, from the country's Buddhist Sinhalese majority.

Indian and Sri Lankan military officers in Jaffna acknowledge that the Tigers are nonetheless conducting an effective urban guerrilla war even though the rebels are vastly outnumbered.

The officers speak of their opponents as experienced and motivated guerrillas who have used home-made mines, high-explosive booby traps and hit-and-run tactics to keep the elite Indian troops at bay.

"They fire and run, fire and run," said Colonel Tei Pratal Brar. "When we try to follow them, that third chap is waiting in a building with wires to a hidden bomb to try

"We really don't know how many have been killed," he said. "But all I can say is, their losses are more than ours."

It remained uncertain how many of the estimated 1,500 guerrillas who were believed to be in Jaffna at the start of the offensive were still here.

Senior Indian and Sri Lankan military officials say that the group's leaders, whom the Indians hope to arrest or kill, have escaped to the countryside with an untold number of their armed followers.

"We honestly don't know how many people we are actually facing here," General Kalkat said.

A Sri Lankan official with experience fighting the Tigers said he thought the Indian Army was now fighting only a rear guard of the guerrillas.

"Personally, I think the main groups have slipped away to fight another day," said the Sri Lankan officer, who asked that his name not be used.

The Indian campaign in Jaffna has been expected to be swift and precise. Instead it has proved to be clumsy and costly.

Many Tamils, who first greeted the Indians as saviors, have turned against them as the battle wears on.

According to Indian Army officers, large parts of the city remained mined and booby-trapped, and the army had not taken control of a half-dozen "pockets of resistance" held by the guerrillas.

Despite protests from conservative legislators who wanted to tone down the report, the officials said, the draft uses the word "cover-up" to describe White House actions after the Iran arms sale. "The word appears again and again," an official said.

Members of the House and Senate investigating committees are continuing to debate the final wording of the report. The deadline for its release was next Friday, when the committees were to go out of existence.

But because of problems in preparing the report, including classification of the document and printing, the release is now scheduled for Nov. 13, according to committee aides.

A revised summary of the report is dated Oct. 13, replacing one that had been criticized by conservative lawmakers. Some conservative officials seem to be just as disappointed with the new version.

"It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by Poindexter, North and others and the death of Casey leave the record incomplete.

The references were to Vice Admiral John M. Poindexter, head of the National Security Council during the Iran arms sales; an aide, Colonel Oliver L. North; and William J. Casey, director of central intelligence at the time.

• Concerning the diversion, "if the president did not know, he should have known."

• "While the president was denying any illegality, his subordinates were engaging in a cover-up."

• Officials viewed the law not as a boundary for their actions but as an impediment to their goals.

• "It is still very troublesome," said Senator Orrin G. Hatch, Republican of Utah, a member of the Senate committee investigating the affair.

According to other congressional officials, the new draft report seems to question whether Mr. Reagan lied when he denied advance knowledge of the diversion of money to the Nicaraguan rebels,

known as contras, from the arms sales to Iran.

An official with knowledge of the report said these statements appear in the new summary:

• "The president created or at least tolerated an environment where those who knew of the diversion believed with absolute certainty that they were carrying out the president's policies."

• That environment was one of "inverted values" and "upside-down logic."

• The central remaining question is the role of the president in the Iran-contra affair. On this critical point, the shredding of documents by

Leftist Ban
United For
For Elect
In Mexico

U.S. to Embargo Trade With Iran After Attacks In Gulf, Officials Assert

By Lou Cannon
and David B. Ottaway
Washington Post Service

WASHINGTON — The Reagan administration has decided to impose a trade ban on Iran in response to what it views as increasing Iranian hostility toward U.S. interests in the Gulf, according to U.S. officials.

A senior official said President Ronald Reagan was poised to sign the order, aimed chiefly at preventing imports of oil from Iran and restricting exports of machinery and other supplies.

The ban will be "nearly total," the official said, although some exports of medical supplies will be allowed for "humanitarian reasons."

The order imposing the trade ban is on the president's desk and has been signed off on by all his advisers," the official said Friday.

The administration has been under intense congressional pressure to ban at least some imports from Iran, despite skepticism among many U.S. policy-makers that an oil embargo could be enforced.

Both the House and Senate earlier this month voted overwhelmingly in favor of a ban on Iranian imports after Commerce Department figures revealed that Iran had become the second-largest supplier of crude oil to the United States in July.

Iran has attempted to purchase \$40 million worth of oil equipment from U.S. companies to replace machinery damaged by Iraqi attacks. These purchases could be prohibited by the prospective ban.

A senior official who confirmed the pending administration action said that the congressional pressure had been an important element in the decision.

He said "it was preferable to take such action by executive order" because it would give the administration more flexibility in lifting the ban if Iran softened its attitude toward the United States and toward United Nations efforts to bring about a cease-fire in the war between Iran and Iraq.

One such sign of a changed Iranian attitude would be acceptance of UN Resolution 598, which calls for a cease-fire and a negotiated political settlement to the war.

A trade ban on Iran has been under discussion within the administration for months, and a State Department official explained that Iran's recent missile attack on a U.S.-flagged ship off Kuwait had

SHIFT: Israel Rethinks Tilt in Gulf

(Continued from Page 1)
ing one of the most feared and active guerrilla units.

The Israeli newspaper *Yediot Almonot* reported last week that some funding for Palestinian guerrilla activities in the West Bank and Gaza was being provided by Iran.

"The religious awakening of the Arabs in the territories is very threatening," Major General Amnon Mizrahi, a top Israeli commander, declared last week.

For all of these reasons, said Aharon Yariv, the former chief of Israeli Army intelligence and an advocate of Israeli support for Iraq, "We are starting to see a much more balanced view here of the Iran-Iraq war. There are a growing number of voices in support of Iraq, although they are still in the minority."

The incident pro-Iraq lobby has not been able to bring about any tangible shift in Israeli policy. But as the pro-Iraq voices grow, they are bound to have an impact. Israeli officials already insist that their country, which has sold arms to Iran on and off since the Gulf War began, is no longer extending aid to Tehran.

Israel's powerful pro-Iraq lobby seems to be confirming its backing for Tehran to emotional support. This lobby is made up of some defense and intelligence officials

hardened the administration's attitude.

■ Pan Am Office Bombed

Tehran Radio said Sunday that anti-American attacks such as the bombing Saturday of Pan American World Airways office in Kuwait might recur. Reuters reported from Nicosia, where the broadcast was monitored.

A small explosive device shattered windows at the seafront office, but caused no injuries. Two Kuwaiti newspapers blamed Iran and its sympathizers.

"What happened yesterday can be cause for concern for American statesmen, as it was directed against a U.S. company and especially because it is not unlikely that such acts of protest will be repeated in Kuwait or in neighboring countries," the radio said.

The order imposing the trade ban is on the president's desk and has been signed off on by all his advisers," the official said Friday.

The administration has been under intense congressional pressure to ban at least some imports from Iran, despite skepticism among many U.S. policy-makers that an oil embargo could be enforced.

Both the House and Senate earlier this month voted overwhelmingly in favor of a ban on Iranian imports after Commerce Department figures revealed that Iran had become the second-largest supplier of crude oil to the United States in July.

Iran has attempted to purchase \$40 million worth of oil equipment from U.S. companies to replace machinery damaged by Iraqi attacks. These purchases could be prohibited by the prospective ban.

A senior official who confirmed the pending administration action said that the congressional pressure had been an important element in the decision.

He said "it was preferable to take such action by executive order" because it would give the administration more flexibility in lifting the ban if Iran softened its attitude toward the United States and toward United Nations efforts to bring about a cease-fire in the war between Iran and Iraq.

One such sign of a changed Iranian attitude would be acceptance of UN Resolution 598, which calls for a cease-fire and a negotiated political settlement to the war.

A trade ban on Iran has been under discussion within the administration for months, and a State Department official explained that Iran's recent missile attack on a U.S.-flagged ship off Kuwait had

SHIFT: Israel Rethinks Tilt in Gulf

(Continued from Page 1)
ing one of the most feared and active guerrilla units.

The Israeli newspaper *Yediot Almonot* reported last week that some funding for Palestinian guerrilla activities in the West Bank and Gaza was being provided by Iran.

"The religious awakening of the Arabs in the territories is very threatening," Major General Amnon Mizrahi, a top Israeli commander, declared last week.

For all of these reasons, said Aharon Yariv, the former chief of Israeli Army intelligence and an advocate of Israeli support for Iraq, "We are starting to see a much more balanced view here of the Iran-Iraq war. There are a growing number of voices in support of Iraq, although they are still in the minority."

The incident pro-Iraq lobby has not been able to bring about any tangible shift in Israeli policy. But as the pro-Iraq voices grow, they are bound to have an impact. Israeli officials already insist that their country, which has sold arms to Iran on and off since the Gulf War began, is no longer extending aid to Tehran.

Israel's powerful pro-Iraq lobby seems to be confirming its backing for Tehran to emotional support. This lobby is made up of some defense and intelligence officials

who dealt for years with the previous regime of Shah Mohammed Reza Pahlavi, as well as members of Israel's military-industrial complex.

Among the voices of the pro-Iraq lobby is Amatzia Baram, a lecturer in Middle East Studies at Haifa University.

"If you are ready to risk an Iranian victory in the war then you could be risking the very existence of the state of Israel," he said. "After an Iranian victory the atmosphere in the countries around us would be so unstable and paranoid, no Arab leader would dare enter into a peace with Israel."

Moreover, said Mr. Baram, Iraq's more accommodating attitude toward Arab peace negotiations with Israel, and its alliance with the most moderate Arab countries, may be purely tactical in Iraq's eyes, but they have no other choice.

■ Saudis Urge Sanctions

Saudi Arabia called for sanctions against Iran as the Gulf Arab nations tried to forge a unified stance against Iranian attacks on Kuwait, Reuters reported from Riyadh.

Ministers of the six-nation Gulf Cooperation Council met in the Saudi capital amid reports that Egypt, which is not involved in the talks, had sent pilots and other military aid to Kuwait.

ALCOHOL: U.S. Supreme Court Is Joining the Debate

(Continued from Page 1)
al Association concurred in the disease concept.

Treatment today overwhelmingly rests on the notion that alcoholism is a disease of unknown origin, without a cure, and that the only way to arrest its development is abstinence.

In recent years, however, a growing minority of alcoholism experts contend that the pendulum has swung too far.

"They contend that alcoholism is a behavioral problem, not a medical one. They reject the idea that genetics play a primary role and contend that the disease concept 'blurs the issue of moral responsibility.'

"People are using alcoholism as an excuse for wife abuse, vehicular homicide, embezzlement, every crime you can think of," said Stanton Peele, a New Jersey psychologist whose book, "The Meaning of Addiction," disputes the notion of alcoholism as a disease.

"The more and more we allow alcohol to be used as an excuse for misbehavior," he said, "the more misbehavior we get."

Treatment of alcoholics, who Mr. Peele contends are "deficient in certain values" should stress that drinking is a "moral choice," not a disease.

The case before the Supreme Court was brought by veterans who contend that alcoholism, as a dis-



BUDGET: Charges Traded in U.S.

(Continued from Page 1)
spending cuts required under the revised budget-cutting law.

■ Broad Freeze Considered

Steven V. Roberts of *The New York Times* reported earlier this week:

"As White House aides worked over the weekend on their strategy for budget negotiations with congressional leaders, beginning this week, they were giving serious consideration to a proposal that would freeze domestic and military

spending, with the exception of Social Security, at this year's levels.

White House aides cautioned that final decisions had not been made on the administration's negotiating position, and that a freeze on spending could take many forms. But they noted that Mr. Reagan had commented favorably on the idea of a freeze in a speech Friday at the Labor Department.

"You won't solve the problem just by raising taxes," a White House official said Saturday. "You've got to put some focus on restraining spending. And you can get to where you want to go by thinking of some sort of a freeze."

In his regular weekly radio address on Saturday, Mr. Reagan spoke of a sober but upbeat tone after last week's unprecedented decline in the stock market.

"Though the market has been volatile," he said, "let's remember, if corrections or fluctuations do occur, that as long as consumers do not overreact by losing confidence, our expansion will continue."

Mr. Reagan spent the weekend at Camp David, the presidential retreat in Maryland, after a week in which many of his domestic and foreign policies suffered severe reversals.

White House aides acknowledged that they now worked for a president who had lost a large share of his ability to shape events in the capital.

"It's not a week to be ecstatic about," an official said. "But things are still working well. We need to hunker down and keep at it."

Mr. Phelan said officials would look at ways of regulating the institutional program traders. He said he was particularly concerned about their leverage, or the small amount of money they are required to put up on their investments.

"Clearly there is too much leverage in the system at this time and particularly at both ends, when the market's going up and when the market's going down," Mr. Phelan said.

In program trading, huge blocks of stock are traded as arbitragers seek to profit from the difference in value between the cash value of the stocks and futures contracts based on those stocks.

Economists said the stock exchange's decision last Tuesday to impose sharp restrictions on computer program trading helped the market regain some slight equilibrium.

MARKETS: U.S. Slowdown

(Continued from Page 1)
further downward adjustment from the target zones set by ministers last February is inevitable.

The only question dealers pose is whether the adjustment will be made within the framework of a credible package of policy measures or will be forced by speculators mounting an attack.

Official policy is now incoherent — which is why, dealers say, the exchange rate has started to move. To calm financial markets, the Fed has been pumping liquidity into the banking system. Whatever other worries securities markets faced, cash was amply available and at even lower rates of interest.

But that lowering of interest rates, without any other policy changes, is destroying the incentive to hold dollars instead of yen or Deutsche marks, dealers said.

Assessing the prospect that governments, particularly Washington, will adopt policies needed to sustain world economic growth and stability, Stephen Maris, an economist at the Institute for International Economics in Washington says:

"We are at the starting gate of a race between economic reality and political inability."

SHERIDAN MORLEY
INTERNATIONAL EDITOR
PRESIDENT OF THE LONDON THEATER

(Continued from Page 1)
nationally-wide autobahn speed limit, Mr. Kohl said speed limits "won't bring us anything, we won't do that."

Bernd Bialeck, a spokesman for the traffic ministry, said, "It's not an issue. Speed limits are not being considered. According to our statistics, the average speed on the autobahn is 115 kilometers per hour. The number one cause of accidents on all roads is driving too fast for conditions. Not having a speed limit is both a freedom and a responsibility, a responsibility to drive safely within the context of the conditions."

These conditions include heavy traffic, varying road-surface quality, time of day and the weather. Mr. Bialeck said, "Even if there is heavy fog, some drivers simply refuse to slow down," he said. "But the terrible chain-reaction accidents in bad weather you see in the newspapers aren't because of excessive speeds. Our statistics show the average speed when these things occur is about 80 kilometers per hour. The problem is, in the fog even that is too fast."

The 8,450-kilometer autobahn system is statistically West Germany's safest highway, Mr. Bialeck added, accounting for only 4 percent of all motor vehicle accidents.

Whether fast driving is myth or reality, it certainly is becoming technologically easier. West German automakers are busy building and selling faster and faster cars.

"We build the most technologi-

For special occasions.
Like today.



Max Strothoer,
First Vice President,
International Investors,
with Fritz Heider,
Senior Vice President,
Stock Exchange.

Swiss Bank Corporation for institutional investors.

When you're looking at new markets,
look up an old friend.

International portfolios are now in. Everybody's talking about sophisticated new techniques, new markets, new challenges. But when you've been in the business as long as we have, that's actually nothing new.

A really meaningful innovation might be to draw up your own list of what you're looking for in the institutions that handle your accounts.

Define your objectives and your questions. Then, let's talk it over. That's how the new ideas start to take shape. We know from experience.

**Swiss Bank
Corporation**
Schweizerischer Bankverein
Société de Banque Suisse

The key Swiss bank

General Management in CH-4002 Basle, Aeschenplatz 6, and in CH-8022 Zurich, Paradeplatz 6. Over 200 offices throughout Switzerland. Worldwide network (branches, subsidiaries and representatives): Europe: Amsterdam, Edinburgh, Frankfurt, London, Luxembourg, Madrid, Manchester, Monte Carlo, Paris. North America: Atlanta, Calgary, Chicago, Dallas, Houston, Los Angeles, Montreal, New York, San Francisco, Toronto, Vancouver. Caribbean: Bogota, Buenos Aires, Caracas, Lima, Mexico, Panama, Rio de Janeiro, São Paulo. Middle East: Bahrain, Cairo, Tehran. Africa: Johannesburg. Asia: Hong Kong, Osaka, Singapore, Tokyo. Australia: Melbourne, Sydney.

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

The Price of a Summit

So Mikhail Gorbachev, perhaps noting Ronald Reagan's travail, has raised the price of a summit meeting. But how did Americans ever talk themselves into believing that a summit with the Soviet leader was something that needed to be paid for? It is an absurd idea. Not for the first time an administration has incautiously let its view such a meeting as an achievement in its own terms and as a political tonic for a struggling president. The Reagan administration baited a little trap for itself, and Mr. Gorbachev has predictably sprung it.

Let no one think, however, that the Soviet leader has done something indescribably brutal that requires a "tough" American response. Mr. Gorbachev is under no obligation to do Mr. Reagan a political favor. The Kremlin leader is presumably pursuing the Soviet interest. For several years nothing has been clearer in Soviet policy than the determination to bring about limits on America's Strategic Defense Initiative.

Some Americans may have let their attention stray from this Soviet preoccupation. Mr. Gorbachev has, we trust, put an end to this sort of wishful thinking. There is a school of American opinion that prizes

— THE WASHINGTON POST.

No Magic, but a Chance

He may have sounded too vague, too grudging, too short on information and direction. But in his news conference Thursday, President Reagan offered just enough to begin serious bargaining with Congress on the budget deficit. His place in history may now depend on how much more common sense he can muster for the budget negotiations, the Gulf and arms control.

To be sure, the president would have been far wiser to say up front that he had changed his mind and would now permit a tax increase as part of a budget settlement. His word games virtually invited reporters' unscrupulous hounding on this point. He added to the confusion Friday by restating his dislike of tax increases. But it is hard to imagine him pulling taxes off the table now.

It would have been splendid if Mr. Reagan had found magical words in the tradition of Churchill or Franklin Roosevelt to lift the spirits of a nation stunned by a sudden crisis, and to dispel financial and other fears. But in fact words can no longer suffice. The costs of a six-year borrowing binge will not be recovered in a news conference.

What is called for is not a new set of incantations to make people feel better, though many seem to have hoped for just that. What is needed is hard evidence that America's leaders are not so blinded by ideological slogans and narrow political interests that they cannot manage urgent problems.

When Mr. Reagan said Thursday that "everything" is "on the table," it did not take an oracle to divine his meaning. As long as his intemperate comments Friday do not get in the way, the path is open to trim the

— THE NEW YORK TIMES.

Just Sensible Governance

To begin responding to the alarm set off by Wall Street in the last two weeks does not require draconian or revolutionary measures. It calls for relatively painless and obvious compromises. For America the first order of business is a sound and convincing commitment to shrink the budget deficit. For West Germany and Japan it means some stimulation of their economies. If the elected leaders of these three powers cannot manage these steps, they cannot govern.

The message from the stock market melt-down is clear, and not new. Endless huge deficits in the budget and foreign trade spell trouble, and it was frightening for Washington to believe as if they didn't. While President Reagan must bear primary responsibility for the crisis of lost confidence, he cannot restore it alone.

He must help, by scrapping its protectionist trade bills as well as dealing sensibly on the budget. Help must come, too, from foreign governments whose economic fate depends on U.S. growth and price stability. That means West Germany and Japan must overcome their preoccupation with inflation and adopt policies for faster growth as the United States moves toward austerity.

The president has led the electorate and Congress down the garden path with nostrums that George Bush aptly dubbed "voodoo economics" before he became the "witch doctor's" running mate. Congress collaborated in this nonsense, but Mr. Reagan's formula was politically irresistible and his popularity overwhelming.

The trick now is to dig out. There was welcome progress last year, but one year is not enough, and this year was a stand-off until the stock market forced President Reagan's agreement to negotiate. He still proposes only moderate spending cuts, plus a miscellany of user fees and one-shot sales of government assets. Those cuts are far too

Other Comment

To Stave Off World Recession

The democracies of the West face one of their greatest challenges: to devise and implement the policies to avoid the Great Crash of 1987 from turning into worldwide recession. America [must] reduce its credit needs. But that can only be done if West Germany and Japan take up the slack. International coordi-

— The Sunday Times [London].

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

LEE W. HUEBNER, Publisher

JOHN VINOCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL ABT, KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors • C. GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Pages

RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISON, Circulation Director • ROLF D. KRANEPUHL, Advertising Sales Director

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92100 Neuilly-sur-Seine, France

Tel: (1) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-482-26200

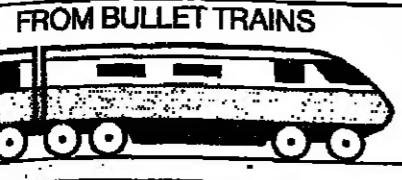
Gen. Mgr. W. Germany: W. Giesecke, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 262-555. Tel: 06172-1672

Gen. Mgr. France: Michel Courtois, 350 Avenue de la Grande Armée, Paris 75008. Tel: (01) 46.37.93.00. Telex: 613599. Circulation: 612333. Editorial: 612718. Production: 630698.

Editor for Asia: Michael Richardson, 5 Canterbury Rd, Stepney 0511. Tel: 071-7768. Tel: 0556928

Managing Dir. Asia: Malcolm Glan, 50 Gloucester Road, Hong Kong Tel: 01170

Managing Dir. U.K.: Robin Mackintosh, Long Acre, London WC2. Tel: 011-4



MONDAY, OCTOBER 26, 1987

EUROBONDS**Fluctuating Interest Rates Left the Pros Scrambling**

By CARL GEWIRTZ

International Herald Tribune

PARIS — A sharp, sudden drop in interest rates normally can be counted on to delight bond markets. But last week's unprecedented volatility proved to be more of a nightmare. Initially, as stock prices began collapsing, bond prices also tumbled, sending yields sharply higher. Then the central banks stepped in to do what they are supposed to, pumping liquidity into the banking system and trying to spread cash by assuring markets that cash was amply available at even lower rates of interest.

Next, there was the impact from investors who, having dumped their share holdings, moved their cash to the presumed safety of government bond markets.

By the time the dust settled, benchmark rates on government securities were down sharply. Taking just one example, the U.S. Treasury's 30-year bond yielded as much as 10.42 percent and as little as 8.67 percent. At the close of trading Friday it stood at 9.10 percent.

For a market where traditionally a 1/4-point change was considered large, gyrations of last week's magnitude were considered enormous.

As benchmark bond yields at first rose, professional dealers moved to protect the value of the paper they held in inventory by selling interest rate futures — thereby hoping to profit from any further drop in price and rise in yield.

The chaos in all markets made it difficult, even for professionals, to enter the futures market. But no sooner had that been achieved, then interest rates started falling, pushing bond prices back up and yields down. Traders then scrambled to undo their loss-making sales, trying desperately to buy futures in the hope that the profit on these would erase the losses on the earlier sales.

The volatility of bond prices numbered investors buying from dealers. For the most part they were simply spectators who, by the end of the week, had profited from the upheavals.

OPINIONS VARY on what damage stock and bond markets may suffer from such exaggerated price movements. Rimmer de Vries, an economist at Morgan Guaranty Trust, expressed "concern about the stability of markets and the possibility of lasting damage to the proper functioning of markets."

"The heart of the capitalist system is its markets. Damage to them can only be harmful."

His fear is that, if investors view the markets as a casino, "they will become extraordinarily more cautious." A strike by investors would "damage the breadth and depth of markets," he believes, which would reduce liquidity and, ultimately, stability.

Even Salomon Brothers, which at its core is a trading house and markets its money out of volatility, found last week's experience jolting. Charles S. McVeigh Jr., managing director in London, said that the chaotic volatility and major disruptions were "good for no one."

Bur Peter Wilmot-Sitwell, co-chairman of Warburg Securities, took a more relaxed view. Acknowledging that the volatility was "unusual and difficult to cope with," he said it was "characteristic of the end of a bear market." It is "too early to say, but yes, if it goes on I could see permanent damage."

Fritz Linof, general manager of Swiss Bank Corp., said that "in today's environment, volatility is something we have got to expect. Markets are reacting to imbalances in the world which sooner or later call for a reaction. What worries me about the volatility is the consequences it could have on the real economy."

Others, including Hans-Joerg Rudolf of Credit-Suisse First Boston, found comfort that whatever else was happening, markets remained liquid.

That was not the case for Japanese equity warrants. A number of investment banks active in that sector just stopped quoting prices.

But Amit Eilon of Morgan Stanley, which claims a 30 percent share of that market niche, insisted that the market was still functioning. He acknowledged there was less willingness to quote prices to other market makers and that spreads between bid/asked prices quoted among professionals had widened to 1/4 points from the normal 3/4 point. But spreads for genuine clients were unchanged, he said.

Meanwhile, the four equity-linked issues scheduled to have been priced last week were withdrawn. These included: Hokkai Can's \$80 million issue, Intec's \$100 million, Keio Toto Electric Railways' \$100 million and Matsuyadenshi's \$30 million.

The most controversial action last week was the decision by Merrill Lynch to cancel the three convertible bonds from BCI Resources. The three issues, launched simultaneously on Oct. 7.

See EUROBONDS, Page 9

Currency Rates

Cross Rates		Oct. 23		Oct. 24	
Currency	Per \$	Currency	Per \$	Currency	Per \$
Amsterdam	5.251	£	1.236	5.159	5.209
Brussels (a)	0.7265	DM	2.8671	0.8262	0.8121
London	1.205	2.997	0.3339	1.205	1.205
Paris (b)	1.202	2.996	0.3339	1.202	1.202
Milan	1.2020	2.996	0.3339	1.202	1.202
New York	—	1.2050	2.996	1.2050	1.2050
Paris	4.028	1.998	0.5045	4.028	4.028
London	4.028	1.998	0.5045	4.028	4.028
Paris	1.495	0.615	0.205	1.495	1.495
London	1.495	0.615	0.205	1.495	1.495
ESCU	1.15	0.604	0.205	1.15	1.15
SDR	1.2951	0.7012	0.238	1.2951	1.2951
Yen	1.2951	0.7012	0.238	1.2951	1.2951

Changes in London, Tokyo and Zurich. Returns in other centers. New York rates of 4 P.M.

(a) Commercial franc; (b) To buy one pound; (c) To buy one dollar; (d) Units of 1000; (e) not quoted; (f) not available.

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Arls, austral	3.88	Currency	4.245	Currency	1.202	Currency	2.225
Aust. schill.	1.202	DM	2.8671	SDR	0.8121	SDR	0.8121
Balk. r. fr.	2.715	India rupee	1.205	Norw. krone	6.614	Swed. krona	4.215
Brazil cr.	3.245	Indonesia rupiah	1.205	Phil. peso	1.205	Taiwan 5	2.214
Colomb. peso	1.205	Malaysian ringgit	1.205	Thailand baht	1.205	Taiwan 10	2.215
Chinese yuan	1.2051	Peru shek.	1.2054	South Afr. rand	3.755	Turkish lira	0.9525
Danish krona	1.205	Kuwaiti dinar	3.755	Sing. \$	2.205	UAE dirham	3.672
Egypt, pound	2.22	Malays. ringg.	2.205	S. Kor. won	804.50	Venez. boliv.	22.407

New York rates unless marked = local rates

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053
1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053
1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053	1.2053

Sources: Interbank Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAAI (dinar, riyal, dirham); Gedebank (Kuala Lumpur). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes		Money Rates			
United States	CRB	United States	Oct. 23 Oct. 14		
S&P 500	1,952.76	1,246.74	13.17	13.17	
DJ Upt.	183.58	190.14	0.34%	0.34%	
DJ Dow	746.60	941.65	-20.4%	-20.4%	
S&P 100	243.77	274.68	-11.3%	-11.3%	
S&P 500	250.77	262.70	-11.3%	-11.3%	
A&P Ind.	265.38	253.43	-12.5%	-12.5%	
NYSE Cr.	139.22	159.13	-12.5%	-12.5%	
United Kingdom	FTSE 100	1,995.20	2,301.90	-22.8%	-22.8%
FTSE 30	1,796.20	1,812.90	-2.3%	-2.3%	
Japan	Nikkei 225	23,201.22	26,364.74	-11.2%	-11.2%
West Germany	Dax	1,665.70	1,876.60	-11.2%	-11.2%
Denmark	Cobit	2,783.20	2,783.20	0.0%	0.0%
Switzerland	SMI	410.30	478.10	-14.1%	-14.1%

London P.M. F.R.S. 470.50 462.00 +0.84%

BUSINESS/FINANCE

Herald Tribune

TO HOME ELECTRICS

TOSHIBA

Page 7

Unlike '29, Acceptable Behavior Includes Bragging

By Andrew Feinberg

New York Times Service

Believing that fundamental conditions of the country are sound and that there is nothing in the business situation to warrant the destruction of values that has taken place in the exchanges during the past week, my son and I have for some days been purchasing sound common stocks. We are continuing our purchases in substantial amounts at levels which we believe represent sound investment values.

— John D. Rockefeller Sr., Oct. 30, 1929

NEW YORK — If Rockefeller had been a prominent financier today, it is doubtful he would have made this reassuring statement without also informing the public that he had the foresight to liquidate his holdings a month or two before the market collapsed.

Last week, as the Dow went into a free-fall, "I got out at the top" was uttered, in various forms and with varying degrees of credibility, by men such as Donald J. Trump, T. Boone Pickens Jr. and Carl C. Icahn.

The tendency of some today's well-known investors to brag about their Street smarts after a stock market debacle is just one difference between the business community's public response to October 1929 and its reaction to October 1987.

Unlike their predecessors in the 1920s, who did not really believe that emergency government measures could help, the "free market" businessmen of the 1980s are calling for Washington to intervene to stabilize the markets.

What's more, they admit that the economy is not in perfect shape and that major efforts have to be made to reduce the U.S. budget and trade deficits. The response of America's financial community is not entirely different this time around. Now, as before, brokers are rushing to craft new ads assuring investors that bargains still abound.

"At Merrill Lynch, we're still bullish on America," said William A. Schreyer, the brokerage's chairman, in a TV commercial.

James Grant, editor of Grant's Interest Rate Observer, a market newsletter, said, "Once again, we're seeing an attempt at organized support and an insistence by leaders that the performance of the stock market is separate and distinct from the performance of the economy."

But the differences this time around are significant, and some of them seem to reveal a great deal about what constitutes acceptable behavior in the 1980s.

Amid the rubble of last week's collapse, prominent investors talked of takeover possibilities, trading coups, their chances for personal enrichment.

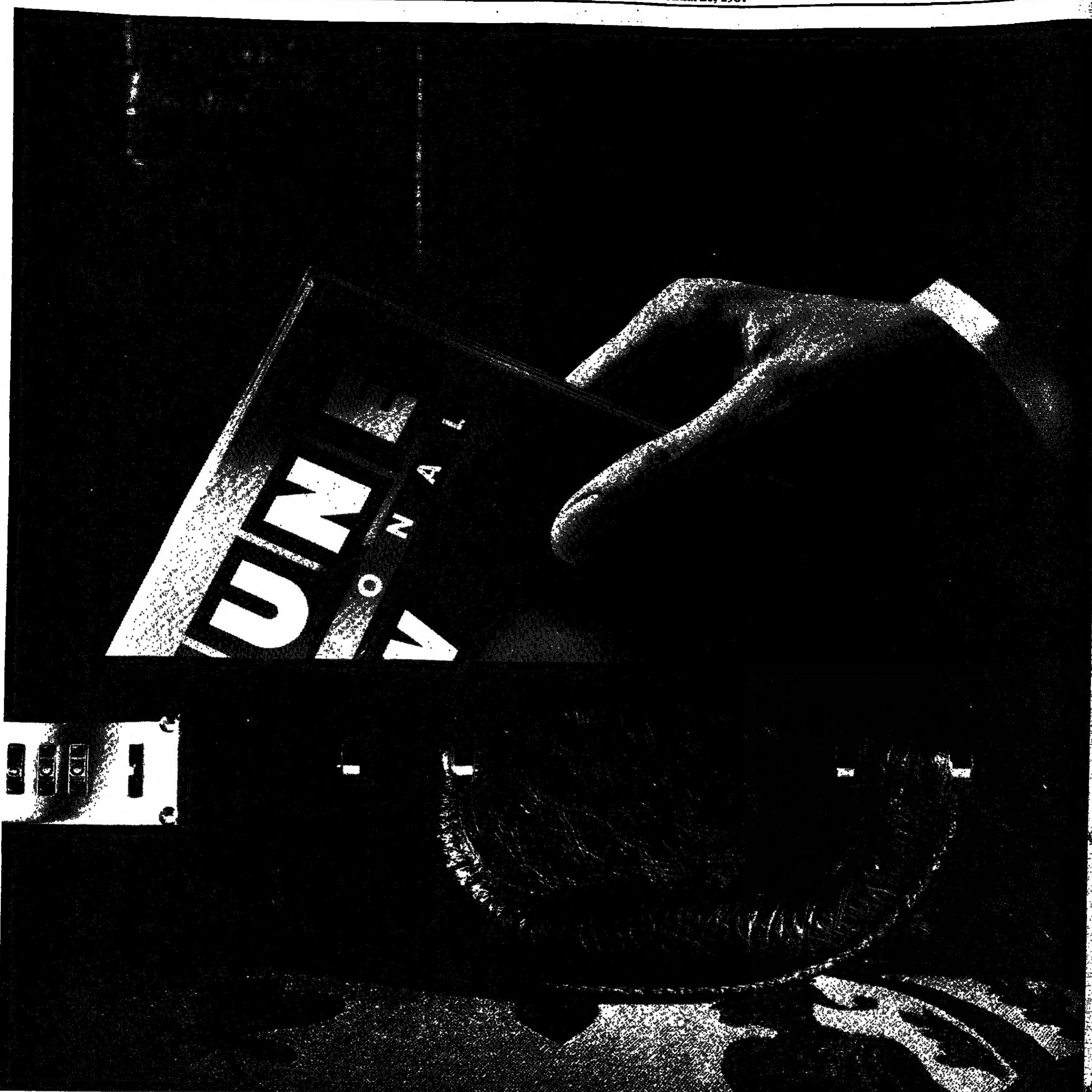
"After selling everything in August and September, I go back in this Tuesday," Mr. Trump said. "I sold on Wednesday afternoon. I made about 20 percent." The market posted record advances on Tuesday and Wednesday, before falling sharply again on Thursday.

It is unlikely that anyone as prominent as Mr. Trump would have uttered such words in October 1929. At the time of the Crash, few people boasted about their stock market prescience. The magnitude of the calamity helped silence them, but so did their remarkably enduring faith that the bull market was not over.

Only later did financiers like Joseph P. Kennedy and Bernard Baruch imply that they had brilliantly averted disaster and, perhaps, even profited from it.

When speaking to the public initially, the financial elite who often rigged the market mercilessly before the Crash, sounded more philanthropic. Julius Rosenwald, the chairman of department store Sears, Roebuck, promised in October 1929 to guarantee the stock market accounts of more than 40,000 Sears employees.

Mr. Trump, a



Fortune reaches more of the few who matter than any other American business publication outside the States.

No matter how diverse they may be, company presidents, chairmen and top decision-makers around the world share at least one common trait: they crave valuable information.

Which helps explain why more of these high-ranking executives outside the U.S. subscribe to Fortune than any other American business publication.

Beyond an assembly of facts and

figures, Fortune supplies insightful analysis of the worldwide economy. With in-depth coverage of the personalities, tactics and technologies that affect international business. And U.S., Asian and European corporations.

The coverage seems to be appreciated. In

FORTUNE

the last three years, Fortune's international circulation has climbed to well over 100,000. That's more than Forbes. More than Business Week. Even more than the stately Wall Street Journal.

Simply put, Fortune gets more important business stories—and gets them right.

That's called journalism. And it's what makes Fortune the one-of-a-kind magazine it is. For readers. And advertisers.

Düsseldorf, (0211) 80511; Geneva, (22) 50 13 30; Lisbon, (19) 573-589; London, (01) 499-4080; Madrid, (1) 413-9457; Milan, (02) 869-3545; Paris, (1) 4359-0539; Stockholm, (8) 21 95 85; Hong Kong, (5) 273525; Seoul, (2) 267-8152; Tokyo, (03) 270-6633; Sydney, (02) 412-3918; New York, (212) 522-2394.

©1987 Time Inc. All rights reserved.

New	
FLOATING RATE NOTES	
5% 1/2	
6% 1/2	
8% 1/2	
10% 1/2	
12% 1/2	
14% 1/2	
16% 1/2	
18% 1/2	
20% 1/2	
22% 1/2	
24% 1/2	
26% 1/2	
28% 1/2	
30% 1/2	
32% 1/2	
34% 1/2	
36% 1/2	
38% 1/2	
40% 1/2	
42% 1/2	
44% 1/2	
46% 1/2	
48% 1/2	
50% 1/2	
52% 1/2	
54% 1/2	
56% 1/2	
58% 1/2	
60% 1/2	
62% 1/2	
64% 1/2	
66% 1/2	
68% 1/2	
70% 1/2	
72% 1/2	
74% 1/2	
76% 1/2	
78% 1/2	
80% 1/2	
82% 1/2	
84% 1/2	
86% 1/2	
88% 1/2	
90% 1/2	
92% 1/2	
94% 1/2	
96% 1/2	
98% 1/2	
100% 1/2	
102% 1/2	
104% 1/2	
106% 1/2	
108% 1/2	
110% 1/2	
112% 1/2	
114% 1/2	
116% 1/2	
118% 1/2	
120% 1/2	
122% 1/2	
124% 1/2	
126% 1/2	
128% 1/2	
130% 1/2	
132% 1/2	
134% 1/2	
136% 1/2	
138% 1/2	
140% 1/2	
142% 1/2	
144% 1/2	
146% 1/2	
148% 1/2	
150% 1/2	
152% 1/2	
154% 1/2	
156% 1/2	
158% 1/2	
160% 1/2	
162% 1/2	
164% 1/2	
166% 1/2	
168% 1/2	
170% 1/2	
172% 1/2	
174% 1/2	
176% 1/2	
178% 1/2	
180% 1/2	
182% 1/2	
184% 1/2	
186% 1/2	
188% 1/2	
190% 1/2	
192% 1/2	
194% 1/2	
196% 1/2	
198% 1/2	
200% 1/2	
202% 1/2	
204% 1/2	
206% 1/2	
208% 1/2	
210% 1/2	
212% 1/2	
214% 1/2	
216% 1/2	
218% 1/2	
220% 1/2	
222% 1/2	
224% 1/2	
226% 1/2	
228% 1/2	
230% 1/2	
232% 1/2	
234% 1/2	
236% 1/2	
238% 1/2	
240% 1/2	
242% 1/2	
244% 1/2	
246% 1/2	
248% 1/2	
250% 1/2	
252% 1/2	
254% 1/2	
256% 1/2	
258% 1/2	
260% 1/2	
262% 1/2	
264% 1/2	
266% 1/2	
268% 1/2	
270% 1/2	
272% 1/2	
274% 1/2	
276% 1/2	
278% 1/2	
280% 1/2	
282% 1/2	
284% 1/2	
286% 1/2	
288% 1/2	
290% 1/2	
292% 1/2	
294% 1/2	
296% 1/2	
298% 1/2	
300% 1/2	
302% 1/2	
304% 1/2	
306% 1/2	
308% 1/2	
310% 1/2	
312% 1/2	
314% 1/2	
316% 1/2	
318% 1/2	
320% 1/2	
322% 1/2	
324% 1/2	
326% 1/2	
328% 1/2	
330% 1/2	
332% 1/2	
334% 1/2	
336% 1/2	
338% 1/2	
340% 1/2	
342% 1/2	
344% 1/2	
346% 1/2	
348% 1/2	
350% 1/2	
352% 1/2	
354% 1/2	
356% 1/2	
358% 1/2	
360% 1/2	
362% 1/2	
364% 1/2	
366% 1/2	
368% 1/2	
370% 1/2	
372% 1/2	
374% 1/2	
376% 1/2	
378% 1/2	
380% 1/2	
382% 1/2	
384% 1/2	
386% 1/2	
388% 1/2	
390% 1/2	
392% 1/2	
394% 1/2	
396% 1/2	
398% 1/2	
400% 1/2	
402% 1/2	
404% 1/2	
406% 1/2	
408% 1/2	
410% 1/2	
412% 1/2	
414% 1/2	
416% 1/2	
418% 1/2	
420% 1/2	
422% 1/2	
424% 1/2	
426% 1/2	
428% 1/2	
430% 1/2	
432% 1/2	
434% 1/2	
436% 1/2	
438% 1/2	
440% 1/2	
442% 1/2	
444% 1/2	
446% 1/2	
448% 1/2	
450% 1/2	
452% 1/2	
454% 1/2	
456% 1/2	
458% 1/2	
460% 1/2	
462% 1/2	
464% 1/2	
466% 1/2	
468% 1/2	
470% 1/2	
472% 1/2	
474% 1/2	
476% 1/2	
478% 1/2	
480% 1/2	
482% 1/2	
484% 1/2	
486% 1/2	
488% 1/2	
490% 1/2	
492% 1/2	
494% 1/2	
496% 1/2	
498% 1/2	
500% 1/2	
502% 1/2	
504% 1/2	
506% 1/2	
508% 1/2	
510% 1/2	
512% 1/2	
514% 1/2	
516% 1/2	
518% 1/2	
520% 1/2	
522% 1/2	
524% 1/2	
526% 1/2	
528% 1/2	
530% 1/2	
532% 1/2	
534% 1/2	
536% 1/2	
538% 1/2	
540% 1/2	
542% 1/2	
544% 1/2	
546% 1/2	
548% 1/2	
550% 1/2	
552% 1/2	
554% 1/2	
556% 1/2	
558% 1/2	
560% 1/2	
562% 1/2	
564% 1/2	
566% 1/2	
568% 1/2	
570% 1/2	
572% 1/2	
574% 1/2	
576% 1/2	
578% 1/2	
580% 1/2	
582% 1/2	
584% 1/2	
586% 1/2	
588% 1/2	
590% 1/2	
592% 1/2	
594% 1/2	
596% 1/2	
598% 1/2	
600% 1/2	
602% 1/2	
604% 1/2	
606% 1/2	
608% 1/2	
610% 1/2	
612% 1/2	
614% 1/2	
616% 1/2	
618% 1/2	
620% 1/2	
622% 1/2	
624% 1/2	
626% 1/2	
628% 1/2	</td

New International Bond Issues

Compiled by Lawrence Desvilles

Issuer	Amount (millions)	Mat.	Coup. %	Price end week	Price and week	Terms
FLOATING RATE NOTES						
Sprint II	\$ 35	1992	0.20	100.10	—	Over 6-month Libor. Noncallable. Fees 0.15%. Denominations \$100,000.
Wings 2	\$ 37.5	1992	1/4	100.05	99.98	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$100,000.
Bedrict de France	Y 15,000	1994	1/16	100	—	Over 6-month Libor. Callable at par in 1987. Fees 0.25%. Denominations 10 million yen.
FIXED-COUPON						
Barclays Bank Finance	\$200	1989	1014	10114	10214	Noncallable. Fees 11/16%. Denominations \$10,000.
European Investment Bank	fl. 100,000	1993	12	100	—	Callable at 101/16% in 1991. Fees 11/16%.
DNC Finance Int'l	CS 50	1989	1114	11214	—	Noncallable. Each \$10,000 bond with one warrant to buy \$2700 with sterling at a fixed exchange rate to be set Nov. 3. Fees 11/16%.
Eurofima	CS 75	1990	1014	112.98	111.11	Noncallable. Also 7,500 warrants, exercisable on Oct. 20, 1988, to sell U.S. dollars for sterling at a fixed exchange rate of \$1.659 per pound.
Wings 1	Audi 129	1996	8 11/16	100.96	—	Noncallable. Payable in U.S. dollars and redeemable in NZ and Aus. dollars, sterling and Deutsche marks. Fees 21/2%. Denominations Aus\$1 million.
Centrust Savings Bank	Y 2,700	1992	6	101%	—	Noncallable. Fees 11/16%. Denominations 20 million yen.
Centrust Savings Bank	Y 4,000	1994	5 1/2	101%	—	Redeemable and callable at par in 1992. Fees 11/16%. Denominations 20 million yen.
Stop Bank	Y 5,000	1992	3	100%	—	Coupon will be 3% until 1989, rising to 7.7% thereafter. Fees 11/16%. Denominations 100 million yen.
EQUITY-LINKED						
Avis	£ 50	2002	5 1/4	100	94.00	Redeemable at 143/4% in 1993 to yield 101/2%. Convertible into Avis Europe PLC shares at 447 pence per share, a 37% premium. Fees 25/2%.

Turmoil in the Markets Could Benefit Lenders

By Carl Gewirtz

International Herald Tribune

PARIS — Last week's turmoil in financial markets can only mean good things for the international banking business, bank managers report.

They expect a period where both bond and stock markets will be unreactive to the sale of new paper, driving companies who want money back to the banks. At the same time, borrowing costs are expected to rise. That's likely if the volume of business picks up.

But it may be inevitable regardless of what happens to volume.

Brendan Brown of County NatWest Bank said last week that

INTERNATIONAL CREDIT

"Investors, scared at the possibility of losses at banks heavily involved in equity markets and the securities industry, might reduce their demand for deposits — particularly in offshore centers — and increase their demand for first quality bonds, especially U.S. Treasury bonds and bills."

In addition, he said that the interbank market might witness "a reduced willingness to lend to Japanese banks, who are, in aggregate, large net borrowers in the Eurodollar, given their perceived risk exposure to the Tokyo equity market."

Regardless of what happens to the banks' cost of money, those who lost money in the debacle in financial markets will be searching for higher returns than previously prevailed in the credit market.

Even before last week's crash, bankers say Japanese banks — which are estimated to account for 40 percent of the syndicated credit market — were being forced to seek higher returns on loans because of the new rules on capital requirements expected to emerge by year-end.

In the sterling market, Citibank is syndicating a £200 million credit

China, Soviet To Take Part in Eurotunnel Loan

Compiled by Our Staff From Dispatches

LONDON — China and the Soviet Union will lend a total of £105 million (\$173 million) to the British-French consortium that is planning to build a tunnel beneath the English Channel, a spokesman for Eurotunnel said.

The Moscow Narodny Bank is expected to put in £65 million and the Bank of China and China's Civic Industrial Bank are expected to lend £40 million, the spokesman for the group said Saturday.

The annual facility fee is 4 basis points, matching what Aerospatiale paid for a seven-year facility earlier this year. The charges to draw on the facility are 10 basis points over the London interbank offered rate to draw francs, and Libor flat for Eurocurrencies.

In addition, Lafarge-Coppee will pay utilization fees of 3 basis points for drawing up to half the amount and 6 basis points for more than that. Front-end fees range up to 6 basis for an underwriting of 30 million ECU.

Bankers also report that OTE, the Greek state-owned telecommunications agency, is seeking a two-year facility that can be extended to five years, at the option of the lenders. Interest during the first year is set at 1/2 point over Libor and thereafter at 1/2 point.

Mountleigh will pay 1/4 percent on undrawn amounts as well as picking up the reserve asset costs of lenders. It is estimated that it will add another 7 to 8 basis points to the cost of the loan.

Leeds & Holbeck, the British building society named First Chicago to arrange a £30 million, five-year loan. Interest is set at 18 basis points over Libor and the commitment fee is 6/4 basis points.

Mo Och Domsjö AB, the Swedish paper company known as MoDo, appointed Warburg to arrange an uncommitted bankers' acceptance facility.

In the sterling market, Citibank is syndicating a £200 million credit

EUROBONDS: Rates Leave the Pros Scrambling

(Continued from first finance page)

The bonds were convertible into shares of Broken Hill Pty, at prices ranging from 12.36 to 12.56 Australian dollars, premiums of some 20 percent. By last week, with the stock price down to 7.90 dollars, the conversion premium had widened to almost 60 percent.

All three issues carried "puts" — giving holders the choice to redeem the bonds after six years for cash and assuring yields, then equal to those prevailing in domestic government paper, of 10 percent on the U.S. dollar bond, 10.48 percent on the sterling issue and 12.56 percent on the Australian dollar paper. Last week's declines in interest rates make these put options look generous.

The final terms on the bonds

were set the week before last and the formal closing documents were scheduled to be signed Monday.

Merrill Lynch attributed the cancellation "to the unprecedented volatility and adverse changes in world financial conditions." While no one contested that statement, the co-managers of the issue were not unanimous in favor of the decision.

"Underwriters do not walk away from deals when they make money, why should be permitted to when they don't," said one banker who attended the meeting.

This banker, who asked not to be identified, said the bonds had been allotted and distributed two weeks ago. The paper then traded hands on a "when-issued" basis. "Investors who bought at the start and then sold possibly made a consider-

able profit," he said, explaining the unhappiness over the withdrawal of bonds whose terms are now so out of line with prevailing market conditions.

The widely held assumption among these co-managers is that Merrill had a substantial bias in the bonds. This view was disputed by Stanislaw Yassukovich, chairman of Merrill Lynch International, who said that "it's in our one's interest to have paper issued at a wrong price."

Normally, withdrawing an issue late in the distribution process would be a result of a dramatic change in the company's financial health, not a change in market conditions. Some of the co-managers raised the possibility that Merrill might be challenged in court over the decision.

Regulators would not permit First Options to borrow cash from its immediate parent, Continental Illinois National Bank & Trust Co., to stay afloat. Instead, First Options had to borrow from Continental Illinois Corp., the parent of Continental Bank.

If the holding company or some other company had not rescued First Options, the firm would have been allowed to fail rather than jeopardize the health of Continental Bank, regulators said.

However, Scott E. Pandee, vice chairman of Yamaichi International (America) Inc., one of Japan's largest securities firms, said: "Thank God for Glass-Steagall."

"I don't buy the Chinese Wall theory," he said. "Chinese Walls could be very difficult to maintain given a fall like Monday's."

Critics of the Chinese Wall theories point out that a bank holding company that was forced to rescue a securities affiliate would be less able to shore up its banking subsidiary in a crisis.

Regulators point to First Options of Chicago Inc., a major lender to stock options traders that suffered millions of dollars in losses from the stock plunge and was on the brink of collapse last week.

"Even if the combination of

OPEC Leader Sees New Difficulties in Setting Pact

Rilwan Lukman, president of the Organization of Petroleum Exporting Countries and Nigeria's oil minister, has a difficult task ahead. At a time of turbulence on world financial markets and persistent tensions in the Gulf, he has been preparing the ground for OPEC's next full conference, in Vienna in December. He acknowledges that debate at the meeting, which will attempt to fix a new reference price for crude oil contracts and new production quotas among OPEC members, may be "very heated." But Mr. Lukman's diplomacy has won praise from all sides, particularly in an environment of growing friction between two OPEC members, Saudi Arabia and Iran.

On Friday, Mr. Lukman delivered the keynote address to the eighth annual Oil & Money Conference in London sponsored by the International Herald Tribune and Oil Daily. At the conference, he spoke with the IHT's London correspondent, Warren Getler.

Q: How is the recent sell-off on global stock markets likely to affect OPEC's pricing decision at the next plenary meeting in December?

A: I think it's premature to start talking about how events in the stock market are going to affect [oil] prices because one doesn't quite know how far this is going to go or for how long. We'll have to wait and

see until the stock market stabilizes. Our interest will be to what extent it's going to affect future demand for oil, whether it's going to bring a recession on from now until 1988, or whether it's just a hiccup in

MONDAY Q&A

the system that will blow over. We'll have to pitch our production levels in accordance with the emerging scenario as we understand it.

Q: You have said that some OPEC members would like to see a price hike of \$1 to \$2 a barrel above the current average of \$18 a barrel. You have also said that OPEC in December might "adjust" prices to between \$19 and \$20 a barrel to compensate for the depreciation of the dollar, the currency in which oil is priced. Where would you like to see the price fixed at the December meeting?

A: I first would like to look at the arithmetic more closely, see what in fact has happened to the dollar and what happened there has been over the last 12 months.

Q: Do you think \$20 a barrel is realistic, that is, sustainable? And if it were, at what level would OPEC have to impose a production ceiling?

A: I'll be prepared to talk about \$20 a barrel at a time when the average price of a barrel was around that level, production was approaching 17.5 [million] and 18 million barrels a day. Demand for OPEC oil is now around 18 million barrels a day and prices are marginally above our official prices. Of course this is not all due to a

demand and supply situation. Other considerations might be tensions in the Gulf. Depending on what happens in the Gulf and what happens to the international economy, vis-à-vis what is going on in the financial markets, we'll have to work out a new scenario for what we think will be demand for OPEC oil in 1988. You can't pitch your price at any level irrespective of demand, unless you are prepared to go very heavily down on your production. If the price were set at \$20, production would likely be above 19 million barrels per day.

Q: OPEC agreed in June to impose a production ceiling of 16.6 million barrels a day for the second half of 1987. At what level is OPEC producing now, and are certain OPEC members still "cheating" by exceeding their quotas?

A: Production in October is at least 17.5 to 18 million barrels a day. We've recently gone around the Gulf states and they've given us assurance that they're cooperating. We know that production in the Gulf has gone down. We want to keep production in the fourth quarter below 18 million barrels a day.

Q: What do you foresee as the most difficult issues ahead at Vienna?

A: Price, obviously. The second one is, of course, the production quota business. How are we going to bring Iraq back into an agreement with a quota that it will accept and that will be acceptable to all members of OPEC, including Iran. How are we going to be sure that people are going to comply with these quotas. These will be the major issues.

Q: You're not a betting man, but would you be willing to wager that the price of OPEC crude will be set above \$18 a barrel in December?

A: I'm forbidden to gamble, I'm a Moslem.

Schlumberger

THIRD QUARTER EARNINGS

New York, New York, October 20 — Schlumberger Limited announced today net income for the third quarter of \$2 million compared to a loss of \$4.2 million (14 cents per share) for the same period last year. Revenue was \$1.22 billion, compared to \$1.11 billion. For the first nine months of 1987, net income was \$69 million (13 cents per share) compared to \$161 million (\$5 cents per share); revenue was \$3.43 billion compared to \$3.34 billion (\$5 cents per share).

The 1987 third quarter net income of \$2 million includes \$1.5 million (54 cents per share) income from continuing operations, \$220 million (79 cents per share) loss from discontinued operations and \$70 million (25 cents per share) extraordinary gain. The 1986 third quarter net loss of \$42 million includes \$59 million (20 cents per share) loss from continuing operations and \$1.7 million (6 cents per share) income from discontinued operations. These figures are explained more fully below.

Continuing Operations

The \$152 million income from continuing operations in 1987 includes an unusual \$69 million after-tax gain on the sale of the Company's investment in Comptac Luxembourg des Telecommunications. In 1986, the \$69 million loss from continuing operations was due entirely to unusual items primarily including employee termination costs in Offshore Services, unfavorable lease commitments and the divestiture of a small electronics business.

Discontinued Operations

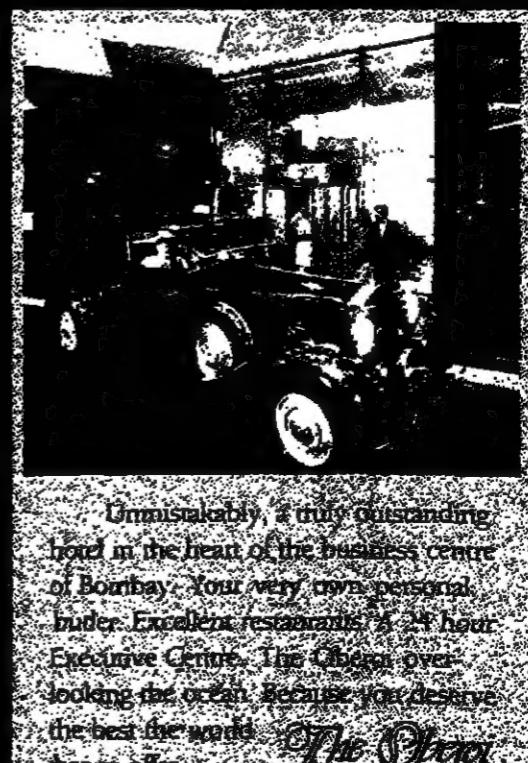
The 1987 loss of \$220 million from discontinued operations relates to the completion of the previously announced divestiture of the Fairchild Semiconductor business. In 1986, discontinued operations included \$36 million operating losses at Fairchild Semiconductor, offset by a \$33 million gain from a favorable settlement of litigation with Data General.

Extraordinary Item

In July, Sodex Foss received an award from the Iran-U.S. Claims Tribunal which, after taxes and other expenses, amounted to approximately \$70 million. This award arose from Iran's seizure of SEDCO, Inc., drilling business in 1979, prior to its acquisition by Schlumberger.

Commenting on the results, Euan Baird, Chairman, indicated that, excluding unusual items, third quarter income from continuing operations in 1987 was \$83 million compared to break-even in 1986. He stated that the increase in income from continuing operations was due to improvements in Offshore Services, mainly in North America, Latin America and Africa. He added that Offshore Services revenue of \$558 million was 3% higher on a comparable basis than in the third quarter of 1986 and also gained over the previous quarter this year: 9% over the second quarter and 10% over the first. Measurement & Systems revenue improved 5% on a comparable basis, to \$503 million; good results were reported by several units of Schlumberger Industries, notably Electronic Transactions and the electric, water and gas meter activities. Schlumberger Technologies' Automatic Test Equipment and Computer Graphics systems also improved.

The Oberoi, Bombay.
When everything has to be just right



Unmistakably a truly outstanding

hotel in the heart of the business centre

of Bombay. You very soon feel at home.

Excellent restaurants, a 24-hour

executive centre, The Oberoi, over

NASDAQ National Market

OTC Consolidated trading for week ended Friday, October 2

OTC Consolidated trading for week ended Friday, October 23																							
Sales in 1995		Net		Sales in 1995																			
High		Low		Close		Chg/pt		High		Low		Close		Chg/pt		High		Low		Close		Chg/pt	
A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	
ABW Bdg	50	57	2558	13	84	9	-46	100	7.0	267	17	15	17	+4	-46	100	7.0	267	17	15	17	-46	100
ABX	352	32	19	14	18	14	-36	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100
ACC Co	32	17	2277	27	234	24	-1	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100
ADC	100	126	512	83	4	-4	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100
AEC	1434	124	512	83	4	-4	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100
AEI	476	94	756	81	-12	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
AIFPS	223	84	756	81	-12	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
AIK Td	1477	94	424	74	-26	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
ALC Crn	3623	3	266	26	-26	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
AME	3205	84	616	616	-26	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
AMN	5620	117	7	7	7	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
AMX	16348	15	816	816	-26	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
ANR	318	124	10	11	11	-16	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
ATI	224	24	12	12	12	-26	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
AWA B	121	105	10	10	10	-26	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
AWR R	16	10	157	115	10	-26	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Axes	165	12	170	124	10	-26	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Able Inc	24	40	127	74	-26	-46	100	11	12	12	12	12	12	12	100	11	12	12	12	12	12	100	
Abrams	11213	214	12	12	12	-26	-46	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1	1005	1	1005	1	-26	100	11	12	12	12	12	12	100	11	12	12	12	12	12	100	
Acclm	1005	1																					

(Continued on next page)

Industriekreditbank Reports

Strong Gains in 1986/87

Germany's Medium-Sized Companies Increasingly Dependent on Foreign Trade

Medium-sized firms are often more dependent on exports and imports than is generally assumed. Nearly every second job in West German industry is directly or indirectly dependent on exports - a trend that has steadily gathered strength since the 1970s. For this reason, in its 1986/87 annual report, IKB examines the effects that current world economic trends have had on business, in particular on foreign exchange rate movements, on changes in oil prices, on shifts in the structure of demand, on foreign investment, and on the competitive strength of other countries' exports. IKB's latest annual report, which draws some unexpected conclusions, is available upon request.

IKB in Perspective

Industriekreditbank (IKB) is a private-sector commercial bank specializing in medium and long-term fixed-rate loans of up to ten years and longer. The shareholders are mainly prominent institutions in the West German financial and business community. A representative of the Federal Government is on the Bank's supervisory board. IKB's clients comprise nearly 7,000 corporate borrowers - primarily medium-sized firms. Credit is provided largely for capital investments and export financing. Funding is arranged through the Bank's own long and medium-term bonds - financial instruments which are considered highly attractive for institutional investors seeking currency diversification in D-marks.

IKB Improved Profitability

During the 1986/87 business year, IKB's net interest income grew by a healthy 13.7 % to DM 256 million, with operating results increasing by 11.4 % to DM 154 million. Out of total net income, DM 12 million was allocated to the provisions. The dividend remained unchanged at the previous year's level of DM 8 per DM 50 share despite a 16 2/3 % growth in capital during the intervening period. As of March 31, 1987, IKB's capital resources amounted to DM 746 million and the ratio of capital resources was 4 %.

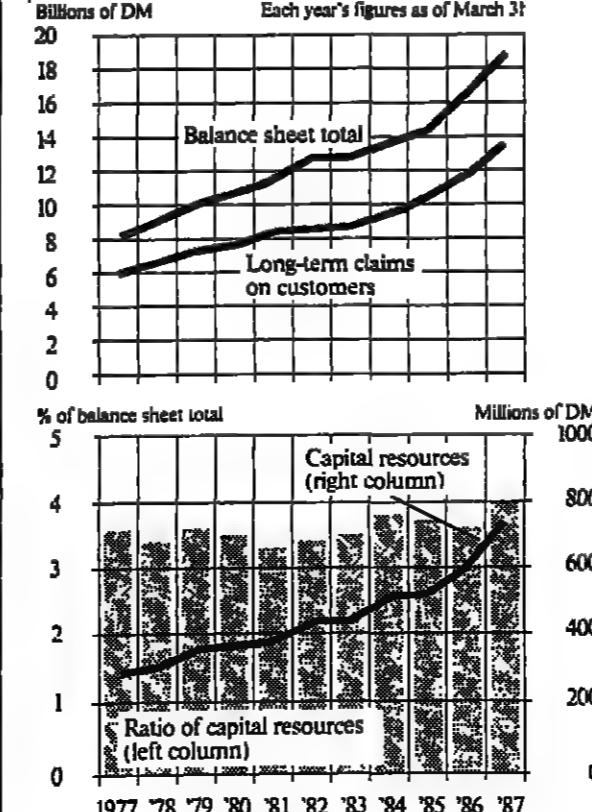
Credit Volume Grows

Claims on customers rose by DM 1.9 billion to DM 14.2 billion, with total loan disbursements exceeding DM 4 billion for the first time. More than 70% of total disbursements were in conjunction with credits of 10 years and longer. The average maturity rose from 5.3 to 6.3 years. As in the past, the manufacturing sector was the biggest borrower, representing a good 60% of the total. However, the service sector has accounted for an ever larger share in recent years.

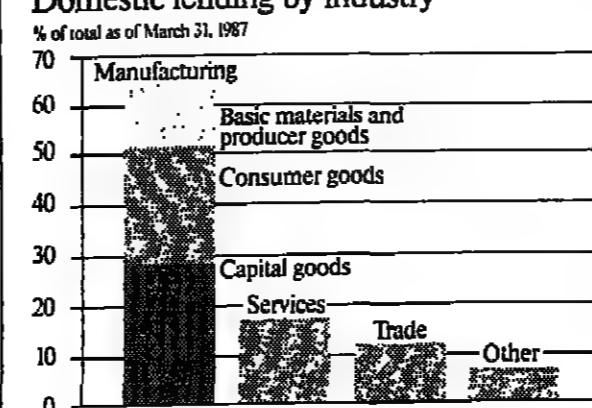
Specialized Services

In addition to long-term lending, IKB offers a wide range of specialized financial services. For example, in Luxembourg, IKB's branch and subsidiary, Industriebank International S.A., have both achieved successes in international lending, money market trading, and the securities business. A wholly-owned subsidiary in Hamburg, IKB Leasing GmbH, is active in fixed asset leasing, and a joint venture of IKB with BHF-BANK specializes in real estate leasing. IKB's international business focuses primarily on long-term machinery and equipment export financing. The recently-established Corporate Finance Division provides specialized consulting services to companies on questions of capitalization, including stock exchange introductions. Together with other banks, IKB also maintains an active venture capital company as well as an investment company for companies not qualifying for a stock exchange listing. The expert counselling services of IKB Consult GmbH are available to corporations of all sizes.

IKB's Business Development 1977-1987



Domestic lending by industry



Summary of Financial Figures (non-consolidated)

	March 31, 1987 Millions of DM	March 31, 1986 Millions of DM	Change (%)
Balance sheet total	18,814	16,661	+ 12.9
<i>comparative consolidated figures</i>	10,188	17,644	+ 8.8
Claims on customers	14,167 ¹⁾	12,247	+ 15.7
<i>of which long-term</i>	13,778	11,787	+ 16.4
Own bonds issued	6,770	6,367	+ 6.3
Long-term liabilities to banks	4,751	4,279	+ 11.0
Long-term liabilities to other creditors	4,150	3,299	+ 25.8
Capital funds	745.5	601.5	+ 23.9
Net interest income	256.1	225.3	+ 13.7
Net income	45.6	40.8	+ 11.8

¹¹ Including DM 325 million transferred from Industriebank International S.A., Luxembourg.

Industriekreditbank AG Deutsche Industriebank



Committed to Enterprise

Düsseldorf · Berlin · Frankfurt · Hamburg · Munich · Stuttgart
In Luxembourg: Industriebank International S.A.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Sales in
100s
High Low Close
(Continued)

	Net Sales	High	Low	Close	Chg.	Net Sales	High	Low	Close	Chg.	
FHows	1.00	4.3	1083	25	230	212	1.7	94	14	13	-1
FHRC	2.26	1.7	94	14	13	13	12	11	11	-1	
FHSM	2.16	1.9	152	14	13	13	12	11	11	-1	
FinsW	4.0	4.4	36	14	13	13	12	11	11	-1	
Fisw	1.80	2.3	248	78	71	72	1.7	71	69	69	-1
FITD	1.00	1.2	100	15	14	14	13	12	12	-1	
FIVD	1.00	2.4	151	29	21	21	20	19	19	-1	
FMD	0.48	0.4	238	14	13	13	12	11	11	-1	
FNWRA	1.00	1.7	195	16	16	17	16	15	15	-1	
FNIGO	4.1	1.7	79	24	24	24	23	22	22	-1	
FNINN	1.00	1.2	142	10	9	9	8	7	7	-1	
FNPO	1.00	1.1	123	21	17	17	16	15	15	-1	
FNRS	1.00	1.2	114	17	14	14	13	12	12	-1	
FOB	1.00	4.1	475	26	21	21	20	19	19	-1	
FOBPN	1.00	1.2	305	32	29	29	28	27	27	-1	
FOBPG	1.00	1.2	195	16	16	17	16	15	15	-1	
FOC	1.00	1.1	27	22	21	21	20	19	19	-1	
FOCK	1.00	1.1	72	21	19	19	18	17	17	-1	
FOE	1.00	1.2	24	20	19	19	18	17	17	-1	
FOF	1.00	1.2	124	10	9	9	8	7	7	-1	
FOG	1.00	1.2	100	15	14	14	13	12	12	-1	
FOH	1.00	1.2	24	20	19	19	18	17	17	-1	
FOI	1.00	1.2	20	16	15	15	14	13	13	-1	
FOJ	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1.00	1.2	100	15	14	14	13	12	12	-1	
FOK	1.00	1.2	27	22	21	21	20	19	19	-1	
FOK	1.00	1.2	124	10	9	9	8	7	7	-1	
FOK	1										

SPORTS

SPORTS BRIEFS

Soviet Men Sweep World Gymnastics Event

ROTTERDAM (AP) — Veteran Dimitri Bilozerchev led a 1-2-3 Soviet finish in winning the men's all-around title in the World Gymnastics Championships Saturday, while 14-year-old Andree Dobre of Romania took the women's crown. Bilozerchev, 20, whose career nearly ended two years ago with a compound leg fracture, regained the title he had won in 1983. He collected 118.375 points, edging Yuri Korolev, second, with 118.350 points. Vladimir Artemov was third with 118.125.

Dobre, with four perfect 10s in her last eight exercises, scored 79.650 points. Elena Shoushanova of the Soviet Union was second with 79.487. Daniela Silivas of Romania third with 79.200.

Zoeller Takes 2-Shot Lead in Tucson Open

TUCSON, Arizona (AP) — Fuzzy Zoeller got five birdies on the back nine Saturday to shoot eight-under-par 64 for a two-shot lead after three rounds of the Tucson Open golf tournament. He was at 197 after three rounds.

Hal Sutton, the second-round leader with a 62 on Friday, shot a 68 and fell two shots back. Jay Haas, Chip Beck and Mike Reid, the first-round leader, were at 201.

Heavyweight Bruno Beats Bugner on TKO

LONDON (UPI) — Frank Bruno registered a technical knockout Saturday night of Joe Bugner at the end of the eighth round of their 12-round heavyweight contest. Bruno, 26, Britain's best hope for a shot at Mike Tyson's world title, improved to 32-2. Bugner, 37, of Australia, fell to 62-11-1 and announced his retirement.

In Miami, unbeaten Jesus Rojas of Colombia scored a one-sided victory Friday night in his first defense of the World Boxing Council super-middleweight title he won in August, stopping Gustavo Balas of Argentina in the fourth round of a 12-round contest.

For the Record

The U.S. Olympic Committee board elected two executive directors Saturday: Beard Pittenger, who has been interim executive director since Aug. 23, and Harvey W. Schiller, who will succeed Pittenger in January.

The Davis Cup final between highly favored Sweden and India, at Göteborg's 12,000-seat Scandinavium-Arena before Christmas, is almost sold out after a week of sales.

• Trainer Angelo Dundee asked if it bothered him when Cassius Clay changed his name to Muhammad Ali: "No... My real name's not Dundee."

(L47)

Quotable

• Trainer Angelo Dundee asked if it bothered him when Cassius Clay changed his name to Muhammad Ali: "No... My real name's not Dundee."

(L47)

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



N.C. State Upsets Clemson, Despite 28-Point Tiger Rally

Compiled by Our Staff From Dispatches

CLEMSON, South Carolina — With eight home games and no powerhouse on its schedule, Clemson was expected to go 11-0, then go to a major postseason bowl game.

But despite holding North Carolina State to minus 10 yards offensively in the second half, the Tigers could not overcome a 30-0 halftime

19th straight time. Nebraska, 7-0, gained 459 yards rushing, including 100 by Tyreese Knox, who played only in fourth quarter.

The Nebraska defense hasn't allowed a touchdown in 13 straight quarters.

MIAMI 48, CINCINNATI 10: In Cincinnati, Steve Walsh threw two third-quarter touchdown passes and three Miami runners topped 100 yards as the Hurricanes won easily. Miami, 5-0, scored 21 third-quarter points to overcome a slow start en route to its 26th consecutive regular-season victory, the longest current streak by a Division I-A school.

AUBURN 38, MISSISSIPPI STATE 7: In Auburn, Alabama, Reggie Slack passed for 185 yards and three touchdowns as he turned his first starting assignment into an easy victory over Mississippi State. Slack was pressed into service when starter Jeff Burger was sidelined by a possible NCAA rules infraction.

UCLA 42, CALIFORNIA 18: In Pasadena, California, Gaston Green rushed for 220 yards and two touchdowns and Dennis Price returned an interception 100 yards as the Bruins, 6-1, defeated California for the 16th straight time.

SYRACUSE 52, COLGATE 6: In Syracuse, New York, Don McPherson threw a school-record four touchdown passes to wide receiver Tommy Kane in a game that ended a series dating from 1891. Syracuse decided to drop Colgate, a Division I-AA school, from the schedule because it felt the teams were no longer competitive.

THE TIGERS, the defending Atlantic Coast Conference champions, fell to 6-1 and 3-1 after losing for the first time since North Carolina State beat them, 27-3, last year. The Wolfpack is 3-4 and 3-2.

OKLAHOMA 24, COLORADO 6: In Norman, Oklahoma, the Sooners overcame nine fumbles — three of which were lost — and six penalties to defeat Colorado and raise their record to 7-0 overall and 3-0 in the Big Eight Conference. Jamie Holiway rushed 27 times for 146 yards for the Sooners.

NEBRASKA 56, KANSAS STATE 3: In Lincoln, Nebraska, quarterbacks Steve Taylor and Clete Blakeman each had a hand in two touchdowns as the Cornhuskers beat Kansas State for the second half.

NEBRASKA 26, SOUTHERN CAL 15: In South Bend, Indiana, sophomore quarterback Tony Rice, making his second start, directed first-half scoring drives of 88 and 90 yards and put Notre Dame ahead with a 26-yard run as the Irish rushed for 351 yards.

GEORGIA 19, KENTUCKY 14: In Athens, Georgia, Lars Tate scored on a five-yard sweep with 1:08 remaining, lifting Georgia over Kentucky. Tate's run capped a 49-yard drive and enabled the Bulldogs to overcome a 14-0 deficit.

OKLAHOMA STATE 24, MISSOURI 20: In Columbia, Missouri, Mike Gandy connected on touch-down passes of 12 and 48 yards to split end Hart Lee Dykes to rally Oklahoma State to victory.



The Associated Press
Notre Dame fullback Braxton Banks drew a crowd, got a first down.

MISSISSIPPI 14, ILLINOIS 14: In East Lansing, Michigan, defensive end Scott Davis blocked a last-second 28-yard field goal attempt by Michigan State's John Langloel and the Spartans had to settle for a tie with Illinois.

INDIANA 14, MICHIGAN 10: In Bloomington, Indiana, quarterback Dave Schnell passed for one touchdown and rushed for another as Indiana took sole possession of first place in the Big Ten Conference. The victory was the Hoosiers' first over Michigan since 1967.

OHIO 42, ST. MARY'S 9: In Columbus, Ohio, freshman tailback Carlos Snow scored four touchdowns on his 19th birthday and Tom Tupa completed 12 of 19 passes as Ohio State crushed Miami.

OKLAHOMA 24, MISSOURI 20: In Columbia, Missouri, Mike Gandy connected on touch-down passes of 12 and 48 yards to split end Hart Lee Dykes to rally Oklahoma State to victory.

(AP, UPI)

BANG: Sell-Off Casts Pall on Anniversary

(Continued from first finance page)

The "most vulnerable" firms, Mr. Smith said, "are the ones who haven't got big parents or whose parents are not willing to bear the pain" of carrying losses from securities trading.

Speculation about financial problems has centered on the brokerage Smith New Court and on the medium-size merchant banks Morgan Grenfell and Kleinwort Benson.

Smith New Court said Friday that it had traded profitably over the past two weeks. But its shares tumbled by 42 percent last week while the stock prices of Morgan Grenfell and the merchant bank S.G. Warburg Group retreated by about 35 percent.

While the Big Bang has transformed smooth City dealings into what many would describe as a roller coaster ride, market watchers around the world still cite the benefits of deregulation. Even in the United States, where regulation unfolded in the mid-1970s, the market is impressed by the speed with which change has been wrought in sleepy old London.

Everybody knew that post-Bang competition would be fierce and that there would be casualties. Fixed commissions on securities trading were abolished in one fell swoop to an average 0.2 percent of each transaction, from 0.3 percent before Big Bang.

For the first time, foreign banks previously restricted to minority holdings of 30 percent would be allowed to own 100 percent of the equity of British brokerage firms. The big British clearing banks, among them Barclays Bank PLC and National Westminster Bank PLC, were given the green light to combine with the investment banking stockbroking sector.

The Big Bang reforms also swept away the distinction between brokers that served as agents for clients and brokers that traded for profit on their own accounts.

This resulted in the creation of financial supermarkets, full-service banks that combined services in retail banking, equity and bond trading, investment banking and money-market operations.

No less significant, Big Bang ushered in screen-based trading, which led to the extinction of the trading floor at the 24-year-old London Stock Exchange.

The days of trading eyeball to eyeball are over. Now brokers and market-makers transact virtually all business by telephone while scanning share price data on their computer terminals. Many say that the move to screen-based, electronic trading has exacerbated market volatility.

As a result of the new competitive pressures, City profits have become more elusive. Kleinwort Benson, Lonsdale PLC, the British merchant bank, posted a £7.5 million loss on securities trading in the first half. That contributed to a 34 percent drop in pretax profit for the half, to £37.9 million from £57.6 million a year earlier.

"I think London is trying to do too much too fast," he said. "It's trying to develop regulations while deregulating," said Mr. Klesch, who served as director of capital markets policy at the U.S. Treasury during the Ford administration. "The floating regulatory environment has not been helpful."

Sir David, Warburg's chairman, is more sanguine. "I'm quite encouraged" by efforts to establish a statutory regime which is led by market practitioners, he said.

But he added, "We still have a long way to go."

BP: Underwriters Fear Big Loss on Flotation

(Continued from first finance page)

the full impact of a sharp fall in BP's share price.

First, the 17 main British underwriters, led by the merchant bank N.M. Rothschild, have divided the risk among more than 400 sub-underwriters, mainly big institutions such as pension funds and insurance companies.

Thus, the risk is so diluted that no single underwriter should face serious financial difficulties as the result of having to hold onto a large inventory of unsold BP shares.

Analysts here say that the issue's partial-payment structure — only 120 pence a share is due when the offer officially closes on Wednesday, with the remaining 210 pence due in two equal parts over the next 18 months — also provides a small cushion for the underwriters.

According to analysts, the delayed payment amounts to a hidden "bonus" of 20 pence on each share — calculated roughly as what the 210 pence could earn in a money market account until it is due — meaning that BP is still a gain of 310 pence a share.

Despite such arguments, it is unlikely that the estimated 6.25 million individuals who reg-

istered for shares will now move to acquire them, other analysts point out.

"Before I would have expected some 5 million small shareholders to take up what was then an attractive offer," one analyst told Reuters. "Now I doubt it will be more than a few hundred thousand, and they will be very foolish."

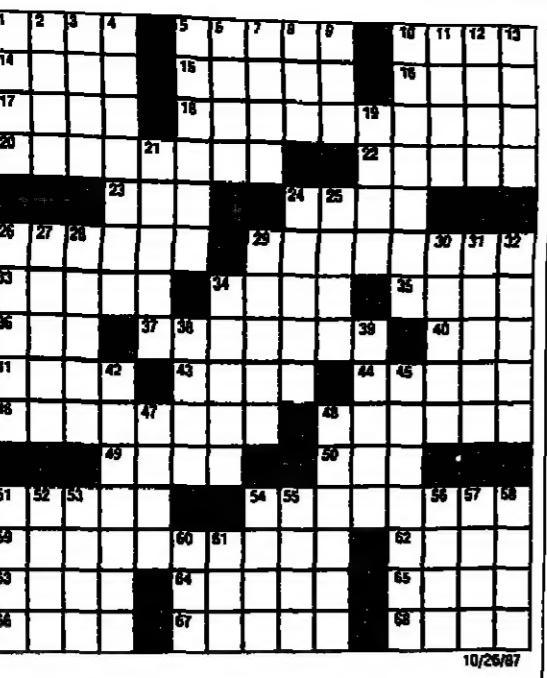
"You'd be mad to buy on those terms," another analyst said.

CJI Proposes \$1 Billion Deal To Acquire Triangle Industries

(Continued from first finance page)

NEW YORK — CJI Industries Inc., formerly a railroad company known as Central New Jersey, said it has proposed acquiring the much-larger Triangle Industries Inc. in a stock and cash deal worth about \$1 billion.

The merger would combine two major holdings of Nelson Peitz and Peter W. May, who built Triangle from a copper wire and jukebox maker into the biggest U.S. container company, with projected 1987 sales of \$4 billion.



SPORTS

McMahon, Back From Injury, Leads Bears Over Bucs

Compiled by Our Staff From Dispatches

TAMPA, Florida — Jim McMahon, starting the second half in his first appearance since separating his shoulder 11 months ago, ran for a touchdown and hit Neil Anderson for the winning score with 88 seconds remaining Sunday, rallying the Chicago Bears to a 27-26 triumph over the Tampa Bay Buccaneers.

In the first game for regular players after the end of the National Football League strike, Steve Deberg helped state Tampa Bay to a

NFL FOOTBALL

20-0 lead with two first-quarter touchdown passes. Deberg suffered strained knee ligaments during a 20-3 loss to the Bears Sept. 20, the final weekend before the 24-day players' strike.

The Bucs are 3-3, and the Bears,

5-1. McMahon replaced Mike Tomczak to start the third period and completed 16 of 24 passes for 195 yards, finding Anderson from 6 yards out for the winning TD.

McMahon, who hurt his shoulder Nov. 23 when he was slammed to the turf by Green Bay's Charles Martin on an illegal hit, started the final drive with a pass interception and 38-yard return with 1:40 remaining.

Albert Bentley also ran for a

touchdown after rookie Terry Wright, a replacement player during the strike, blocked a New England punt midway through the final period. Mike Prior, another replacement, ended New England's final threat with a pass interception and 38-yard return with 1:40 remaining.

Colts 30, Patriots 16: In Indianapolis, Jack Trudeau passed for 239 yards and a touchdown, and defensive end Donald Thompson returned a fumble 28 yards for another touchdown as the Colts downed New England.

Albert Bentley also ran for a

touchdown after rookie Terry Wright, a replacement player during the strike, blocked a New England punt midway through the final period. Mike Prior, another replacement, ended New England's final threat with a pass interception and 38-yard return with 1:40 remaining.

Eagles 37, Cowboys 28: In Philadelphia, defensive end Clyde Simmons recorded a fumble and blocked a field goal to set up 10 points as the Eagles defeated Dallas.

The Eagles, left in a 1-4 hole by

their replacements' three losses, boosted their record to 2-4. Dallas, which accumulated a 2-1 replacement record with the help of eight replacement who crossed the picket line, slipped to 3-3 overall.

The Eagles' defense recovered

three fumbles, blocked a field goal and sacked quarterback Danny White five times. Two of the fumbles led to field goals and the blocked kick to a touchdown.

Oilers 37, Falcons 33: In Houston, Warren Moon turned first-quarter fumbles into four-quarter cheers as he hit Curtis Duncan with a 14-yard touchdown pass with 27 seconds remaining, rallying the Oilers past Atlanta.

McMahon had been placed on injured reserve before the season after surgery to his rotator cuff in the offseason.

49ers 24, Saints 22: In New Orleans, Joe Montana picked on the Saints' mistake-prone secondary for 256 yards and three touchdowns, leading San Francisco to victory in a game marred by penalties and fumbles by both teams.

His third touchdown pass went

14 yards to Mike Wilson in the fourth quarter, after the Saints had taken a 19-17 lead on Alvin Tolok's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was augmented by a face-mask penalty against cornerback Dave Wayner.

The Saints drew six penalties for 58 yards, five of those either interference or holding calls on defensive backs, as the 49ers built a 17-6 halftime lead.

San Francisco is 5-1, including 3-0 during the strike. New Orleans is 3-3, including a 2-1 record by the replacement team.

Redskins 17, Jets 16: In Washington, Ali Haji-Sheikh kicked a 28-yard field goal with 54 seconds remaining and the Redskins scored 10 points in the final six minutes to defeat New York. The Redskins, down 16-7, got a 2-yard touchdown pass from Jay Schroeder to Toffoli. Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's kick.

The drive was kept alive when

Schroeder connected with Rickey Sanders for a 39-yard gain from the Washington 32.

The victory enabled the Red-

skins, 5-1, to remain alone atop the NFC East. New York, which has never beaten Washington, is 3-3.

Steelers 23, Bengals 20: In Pitts-

burgh, Mark Malone booted relent-

lessly in the first half, threw a 12-

yard touchdown pass to John Stallworth, then set up Gary Anderson's winning 20-yard field goal with 1:47 left by hitting Stallworth

Bills 17, Jets 16: In Buffalo, Al Haji-Sheikh kicked a 22-yard field goal with 1:22 left to give the Bills their first lead since the fourth quarter, after the Saints had taken a 19-17 lead on Alvin Tolok's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was augmented by a face-mask penalty against cornerback Dave Wayner.

The Saints drew six penalties for 58 yards, five of those either

interference or holding calls on de-

fensive backs, as the 49ers built a 17-6

halftime lead.

San Francisco is 5-1, including 3-0 during the strike. New Orleans is 3-3, including a 2-1 record by the replacement team.

Redskins 17, Jets 16: In Wash-

ington, Ali Haji-Sheikh kicked a

28-yard field goal with 54 seconds

remaining and the Redskins scored

10 points in the final six minutes to defeat New York. The Redskins, down 16-7, got a 2-yard touch-

down pass from Jay Schroeder to Toffoli. Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's kick.

The drive was kept alive when

Schroeder connected with Rickey Sanders for a 39-yard gain from the Washington 32.

The victory enabled the Red-

skins, 5-1, to remain alone atop the

NFC East. New York, which has

never beaten Washington, is 3-3.

Steelers 23, Bengals 20: In Pitts-

burgh, Mark Malone booted relent-

lessly in the first half, threw a 12-

yard touchdown pass to John Stallworth, then set up Gary Anderson's winning 20-yard field goal

with 1:47 left by hitting Stallworth

Bills 17, Jets 16: In Buffalo, Al Haji-Sheikh kicked a 22-yard field goal with 1:22 left to give the Bills their first lead since the fourth quarter, after the Saints had taken a 19-17 lead on Alvin Tolok's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was augmented by a face-mask penalty against

cornerback Dave Wayner.

The Saints drew six penalties for

58 yards, five of those either

interference or holding calls on de-

fensive backs, as the 49ers built a 17-6

halftime lead.

San Francisco is 5-1, including 3-0

during the strike. New Orleans is

3-3, including a 2-1 record by the

replacement team.

Redskins 17, Jets 16: In Wash-

ington, Ali Haji-Sheikh kicked a

28-yard field goal with 54 seconds

remaining and the Redskins scored

10 points in the final six minutes to defeat New York. The Redskins, down 16-7, got a 2-yard touch-

down pass from Jay Schroeder to Toffoli. Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's kick.

The drive was kept alive when

Schroeder connected with Rickey Sanders for a 39-yard gain from the Washington 32.

The victory enabled the Red-

skins, 5-1, to remain alone atop the

NFC East. New York, which has

never beaten Washington, is 3-3.

Steelers 23, Bengals 20: In Pitts-

burgh, Mark Malone booted relent-

lessly in the first half, threw a 12-

yard touchdown pass to John Stallworth, then set up Gary Anderson's winning 20-yard field goal

with 1:47 left by hitting Stallworth

Bills 17, Jets 16: In Buffalo, Al Haji-Sheikh kicked a 22-yard field goal with 1:22 left to give the Bills their first lead since the fourth quarter, after the Saints had taken a 19-17 lead on Alvin Tolok's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was augmented by a face-mask penalty against

cornerback Dave Wayner.

The Saints drew six penalties for

58 yards, five of those either

interference or holding calls on de-

fensive backs, as the 49ers built a 17-6

halftime lead.

San Francisco is 5-1, including 3-0

during the strike. New Orleans is

3-3, including a 2-1 record by the

replacement team.

Redskins 17, Jets 16: In Wash-

ington, Ali Haji-Sheikh kicked a

28-yard field goal with 54 seconds

remaining and the Redskins scored

10 points in the final six minutes to defeat New York. The Redskins, down 16-7, got a 2-yard touch-

down pass from Jay Schroeder to Toffoli. Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's kick.

The drive was kept alive when

Schroeder connected with Rickey Sanders for a 39-yard gain from the Washington 32.

The victory enabled the Red-

skins, 5-1, to remain alone atop the

NFC East. New York, which has

never beaten Washington, is 3-3.

Steelers 23, Bengals 20: In Pitts-

burgh, Mark Malone booted relent-

lessly in the first half, threw a 12-

yard touchdown pass to John Stallworth, then set up Gary Anderson's winning 20-yard field goal

with 1:47 left by hitting Stallworth

Bills 17, Jets 16: In Buffalo, Al Haji-Sheikh kicked a 22-yard field goal with 1:22 left to give the Bills their first lead since the fourth quarter, after the Saints had taken a 19-17 lead on Alvin Tolok's touchdown return of a blocked punt. The touchdown pass came one play after a 39-yard completion to Jerry Rice was augmented by a face-mask penalty against

cornerback Dave Wayner.

The Saints drew six penalties for

58 yards, five of those either

interference or holding calls on de-

fensive backs, as the 49ers built a 17-6

halftime lead.

San Francisco is 5-1, including 3-0

during the strike. New Orleans is

3-3, including a 2-1 record by the

replacement team.

Redskins 17, Jets 16: In Wash-

ington, Ali Haji-Sheikh kicked a

28-yard field goal with 54 seconds

remaining and the Redskins scored

10 points in the final six minutes to defeat New York. The Redskins, down 16-7, got a 2-yard touch-

down pass from Jay Schroeder to Toffoli. Bryant with 5:55 left, then drove 68 yards in nine plays in the closing minutes to set up Haji-Sheikh's kick.

The drive was kept alive when

Schroeder connected with Rickey Sanders for a 39-yard gain from the Washington 32.

The victory enabled the Red-

skins, 5-1, to remain alone atop the

NFC East. New York, which has

never beaten Washington, is 3-3.

Steelers 23, Bengals 20: In Pitts-

burgh, Mark Malone booted relent-

lessly in the first half, threw a 12-

yard touchdown pass to John Stallworth, then set up Gary Anderson's winning 20-yard field goal

with 1:47 left by hitting Stallworth

Bills 17,

